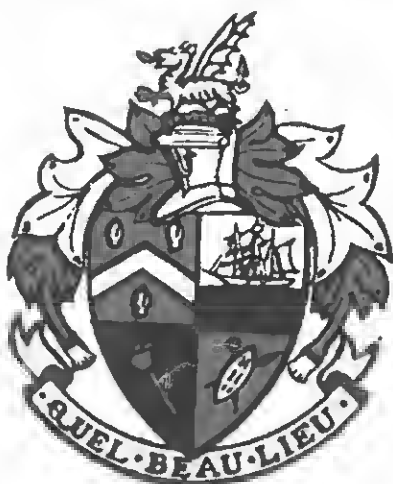


# **Richmond Municipality**

# **2012/13**

## **ANNUAL REPORT**



# Annual Report

## CONTENTS

CONTENTS.....	2-5
CHAPTER 1 – MAYOR’S FOREWORD .....	6
COMPONENT A: MAYOR’S FOREWORD.....	6 - 9
COMPONENT B: EXECUTIVE SUMMARY.....	10
1.1.    MUNICIPAL MANAGER’S OVERVIEW.....	10-11
1.2.    MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW.....	11-20
1.3.    SERVICE DELIVERY OVERVIEW .....	20-30
1.4.    FINANCIAL HEALTH OVERVIEW .....	30-31
1.5.    AUDITOR GENERAL REPORT FOR 2011/2012 .....	31
1.6.    STATUTORY ANNUAL REPORT PROCESS.....	31-32
CHAPTER 2 – GOVERNANCE.....	32
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	32
2.1    POLITICAL GOVERNANCE.....	32-35
2.2    ADMINISTRATIVE GOVERNANCE .....	35-36
COMPONENT B: INTERGOVERNMENTAL RELATIONS.....	36
2.3    INTERGOVERNMENTAL RELATIONS.....	36
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....	36
2.4    PUBLIC MEETINGS .....	36-37
2.5    IDP PARTICIPATION AND ALIGNMENT.....	37
COMPONENT D: CORPORATE GOVERNANCE .....	37
2.6    RISK MANAGEMENT .....	37-38
2.7    INTERNAL AUDIT.....	38
2.8    AUDIT COMMITTEE.....	38
2.9    MUNICIPAL PUBLIC ACCOUNTS COMMITTEE.....	38-39
2.10   ANTI-CORRUPTION AND FRAUD.....	39-40
2.11   SUPPLY CHAIN MANAGEMENT.....	40-41

# Annual Report

2.12	BY-LAWS .....	41
2.13	WEBSITES.....	41-42
2.14	PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	42
2.15	SERVICE DELIVERY PROTESTS.....	42-43
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) .....		43
COMPONENT A: BASIC SERVICES .....		43
3.1.	WATER PROVISION .....	43-45
3.2	WASTE WATER (SANITATION) PROVISION .....	45-47
3.3	ELECTRICITY .....	47
3.4	WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) .....	48
3.5	HOUSING .....	48-49
3.6	FREE BASIC SERVICES AND INDIGENT SUPPORT.....	49-50
COMPONENT B: ROAD TRANSPORT .....		50
3.7	ROADS.....	50-53
3.8	WASTE WATER (STORMWATER DRAINAGE) .....	53-54
COMPONENT C: PLANNING AND DEVELOPMENT .....		54
3.9	PLANNING.....	54-56
3.10	LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) .....	56-58
COMPONENT D: COMMUNITY & SOCIAL SERVICES .....		58
3.11	LIBRARIES; COMMUNITY FACILITIES; OTHER.....	58-60
3.12	COMMUNITY FACILITIES.....	60 - 61
3.13	CEMETORIES AND CREMATORIALS.....	61
3.14	HIV/AIDS & SOCIAL PROGRAMMES.....	61-63
COMPONENT E: SECURITY AND SAFETY .....		63
3.15	POLICE.....	63
3.16	OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER).....	63
COMPONENT F: SPORT AND RECREATION .....		64

# Annual Report

3.17	SPORT AND RECREATION.....	64
COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES .....		64
3.18	EXECUTIVE AND COUNCIL .....	64-67
3.19	FINANCIAL SERVICES.....	67-69
3.20	HUMAN RESOURCE SERVICES .....	69-70
3.21	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES .....	70
3.22	REPORT OF THE AUDIT COMMITTEE 2012/2013.....	70-73
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE.....		74
(PERFORMANCE REPORT PART II).....		74
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL.....		74
4.1	EMPLOYEE TOTALS, TURNOVER AND VACANCIES.....	74
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE .....		74
4.2	INJURIES, SICKNESS AND SUSPENSIONS .....	74
4.3	POLICIES.....	75
4.4	PERFORMANCE REWARDS.....	75
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE .....		75
4.5	SKILLS DEVELOPMENT AND TRAINING .....	75
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE .....		75
4.6	EMPLOYEE EXPENDITURE .....	75 - 76
CHAPTER 5 – FINANCIAL PERFORMANCE.....		77
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE.....		77
5.1	STATEMENTS OF FINANCIAL PERFORMANCE .....	77-78
5.2	GRANTS.....	77
5.3	ASSET MANAGEMENT .....	77
5.4	FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS.....	79-80
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET .....		80
5.5	CAPITAL EXPENDITURE .....	80
5.6	SOURCES OF FINANCE .....	80
5.7	CAPITAL SPENDING ON 5 LARGEST PROJECTS.....	80

# Annual Report

S.B	BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW.....	80
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS.....		B0
S.9	CASH FLOW.....	B0
S.10	BORROWING AND INVESTMENTS.....	B1
S.11	PUBLIC PRIVATE PARTNERSHIPS.....	B1
COMPONENT D: OTHER FINANCIAL MATTERS.....		B1
S.12	SUPPLY CHAIN MANAGEMENT.....	B1
S.13	GRAP COMPLIANCE .....	B1
S.14	COMPLIANCE WITH NATIONAL TREASURY CIRCULAR ON MINIMUM COMPETENCY REQUIREMENTS.....	81
<b>CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS.....</b>		<b>82</b>
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2011/12.....		82
6.1	AUDITOR GENERAL REPORTS 2011/12.....	82-B3
COMPONENT B: AUDITOR-GENERAL OPINION 2012/13.....		83
6.2	AUDITOR GENERAL REPORT 2012/13.....	83-87
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE.....		88
APPENDIX B– WARD INFORMATION .....		B9
APPENDIX C – DISCLOSURES OF FINANCIAL INTERESTS.....		90
APPENDIX D – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION .....		91
APPENDIX E – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71.....		92
VOLUME I: ANNUAL PERFORMANCE REPORT 2012/2013.....		93-102
VOLUME II: ANNUAL FINANCIAL STATEMENTS.....		103-246
VOLUME III: AUDIT RESPONSE PLAN 2012/2013.....		2S4

# Annual Report

## CHAPTER 1

### COMPONENT A

#### MAYOR'S FOREWORD

The Richmond Municipality has striven with vigor over the last year to reach its targets and goals that have been set as its vision and mission.

**VISION :** "Access to quality social infrastructure development and sustainable economic opportunities."

To fulfill its mandate and obligations to the community of Richmond, Councillors and officials have worked in tandem and co-operation to build a team of dedicated individuals. Each has contributed in his or her sphere of operation to be part of a successful team that is focused on improving the level of service delivery to our people in each of our 7 wards.

As part of our initiative to improve the lives of our people, we have given priority to a number of issues that help us to achieve our goals. Amongst these are growing the economy by intensifying our strategies in our LED programmes and emphasis on creating job opportunities, especially through our enhanced EPWP programmes.

Whilst there has been no significant change to our population growth, according to the latest available census figures, where our population is estimated to be in the range of 65 000 to 67 000, there has been a significant decline in our local economy. This may be attributed to a variety of factors :

- Decrease in agricultural activity which was once the dominant sector within our area. This is attributed to the land claims and land reform processes which has resulted in farmers who were once highly productive, withdrawing and cutting down on their products.
- Decline of business opportunities and the withdrawal of key outlets for our people who are forced to shop in Pietermaritzburg viz: sports goods, ladies and gents outfitters, etc.
- Labour issues that have caused some firms and businesses to close their doors, eg. The closure of the only bakery in town.
- The economic downturn and recession that globally has affected businesses.
- Loss of income and profit for businesses.
- Too many informal traders that creates a ripple effect for normal businesses to be able to operate on a profit basis.

# Annual Report

- Too many businesses plying similar goods.
- Lack of support from locals who prefer to travel to other towns to shop and make major purchase.
- Money generated and earned in Richmond being spent outside of the town by employees who reside outside the town. It may be pertinent to record that almost 80% of the teaching staff of schools in Richmond travel daily to Richmond, but fill petrol in their home towns.

In spite of the aforementioned challenges, the municipality has made excellent progress with the development of infrastructure, especially in the rural areas, where such projects were a priority.

In conjunction with the Public Works Department, the Municipality has expanded its ability to employ more individuals in its successful EPWP (Expanded Public Works Programme). It is significant that for the 2013/2014 financial year, we have been able to budget for R1m to expand and implement the EPWP. This, obviously, will lessen the burden of unemployment and help to assist the poorest of the poor.

Council has resolved that a database of all indigent households be compiled in each of our 7 wards to ensure that we are able to capture those households in dire need of income. When this process has been completed, each poor household will be given the opportunity to “work” in the EPWP to ensure that the indigent household has an income for a period of a year. During this time training will be provided to serve as a catalyst for job opportunities. This will be done in partnership with private enterprises.

The compilation of the database in each ward which will serve as a ‘bank’ of unemployed which will be an initiative that we believe will become a ‘good practice’ mechanism that can be cascaded to others who may be interested.

A major challenge for us is to attract investors to the area. In order to achieve success a number of initiatives in the CBD have been completed or are seen as work in progress, viz. the Market Retail facility, Traffic Lights, better drainage, Middle Income housing, Slum clearance programme, etc. investors will be provided with attractive incentives. Our objective is to both eliminate unemployment and to increase the economic sphere of development.

Whilst attracting investors is a difficult and long process, we are hamstrung by the protests of January 2012 (illegal), 3 February 2012 and 3 June 2013, the latter two being legal. Whilst the external and internal investigations proved the allegations raised in all 3 protests to be

# Annual Report

without basis, the negative impact has been that it has retrogressed our progress to attract investors. This has had dire consequences for our town, which still struggles to shake off the stigma of being a 'violent and crime-riddled place'.

Our quarterly IDP meetings with the community in each wards has been largely successful with projects being prioritized for the budget and for the outer 3 years. We have a backlog for houses and the community, generally, appeal for better roads, electricity, water and sanitation. Through the various opportunities provided by Government, we are able to access much of the funding required, although much more is required to satisfy the real needs of the people.

## KEY POLICY DEVELOPMENTS

Our LED strategies are regularly revised and reviewed to increase the potential to improve and achieve better. Strategies include, but are not confined, to developing programmes, setting up co-operatives, establishing and guiding young and older entrepreneurs to be innovative and creative in their approaches, convening workshops for development of business people and entrepreneurs.

We emphasize focus on SMMEs and agricultural projects, including vegetable farming through co-operatives. Our RSDI, established by the Department of Economic Development, has had much success and it is our hope that the project is continued to be support by the Department.

## KEY SERVICE DELIVERY IMPROVEMENTS

As has always been our key focal area, we strive for excellence in terms of our service delivery. Richmond Municipality has been able to provide access to basic services such as water, sanitation, roads upgrading, building of bridges, building community halls and sportsfield. Electricity supply has been a challenge as Eskom has delayed progress. However, in the last financial year much has been done by Eskom and funds have been forthcoming for us to reduce our backlog.

We expect that within a period of 3 years to have electrification in each household, which will also have water and sanitation. Presently, our water and sanitation provision has improved through the District's programme and presently stands at around a provision rate of 90%. Over the last year backlogs were eliminated, especially in Wards 3, 4 and 6.

Rural road programmes have been implemented and most of the main roads in all wards have been attended to with plans on the table to tar the main roads to Inhlazuka and Phateni. Access roads have also been graded and the bridge linking Luanda (Ward 1) and Harare (Ward 1) has been completed. The road is being presently built.



# Annual Report

During the 2012/2013 financial year, we successfully negotiated with COGTA to be allocated grant funding for a much needed Drivers' Testing Centre in Ward 1 which will serve all 7 wards and an amount of R10 million was allocated for this purpose. The project has started and should be completed in the 2013/2014 financial year.

## **PUBLIC PARTICIPATION**

Our public participation programme is legendary. It was a contributory factor to our winning the " Best Small Municipality Award" in KZN which came with a prize of R 1 million for community projects.

We have regular public meetings and structures that enable our community to make input and to lodge complaints. The system of ward committees is well implemented and has enhanced our public participation.

Our newly established Communication Department has been able to keep the public aware of the activities and events of the municipality. The introduction of the "Richmond News" initiated by the Communications Department has been an innovation that has been copied by other municipalities. The paper is distributed in both English and isiZulu.

Our 'open door' policy of giving the public the opportunity of meeting person -to-person with both political heads and officials has resulted in better and more confident approach by the community.

## **CONCLUSION**

Although faced with numerous challenges and dire financial constraints, we have successfully been able to assemble a team of dedicated officials, workers and councillors who strive to do even better than before. We stand firm against any form of corruption and are proud of our track record in spite of the many brickbats that are thrown our way.

We appreciate the loyalty and concern of our community members who have criticized constructively and have communicated problems and solutions in an effort to be part of our success story. Our sincere thanks and appreciation to them for their positive contributions that have spurred us on to try even harder!

We live by the adage of our inspiration of " **RICHMOND : WHAT A BEAUTIFUL PLACE !**"

**COUNCILLOR ANDREW RAGAVALOO**

**MAYOR**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW

"Within a contracting global economy and amidst challenging trading conditions across all markets, Richmond Municipality continued to emphasise a disciplined approach to strategy and operations during the period under review."

The IDP, Budget and the Strategic Plan for the Municipality was the first for the Council that was elected in 2011. This does not mean that service delivery stopped, the current Council continued where the previous Council had left off. In ensuring that the Municipality delivers on the national priorities and in terms of its vision, municipal plans were linked to community needs and aligned to national priorities as spelt out for the entire country.

It has always been the Municipality's priority to involve communities in the affairs of the Municipality as required by the Constitution of the Republic of South Africa, Act No. 1 of 1996. We continued to improve the way we do things by increasing human and capital resources of the municipality. In order to ensure performance improved in all levels of the municipality, we continued to implement the Organizational Performance Management system this included conducting regular performance reviews.

The cost of providing basic services and infrastructure has continued to increase and this eats on the grant funding allocated by national government to improve the lives of our people and this affect the rate of reducing backlogs. We continued to provide relief on the electricity services for the indigent communities. This is done through the allocation of equitable share by National Government.

In September 2012, the municipality received as award for "Best Performing Small Local Municipality" from the Department of Cooperative Governance and Traditional Affairs in KwaZulu-Natal and was given prize money to the value of R1 million. This award was as a result of the good performance in all aspects which we have been showing as the Municipality for past years. While this was amongst the positive things within the municipality there were draw backs as well. In the audit for 2011/2012 the municipality could not retain its "Clean Audit" award received in 2010/2011.

Since April 2012, the Municipality has been without a Strategic Manager Technical Services. This has resulted in municipality moving very slowly in spending Municipal Infrastructure Grants. Recruitment processes were commenced and no suitable candidate could be found. The position has been re-advertised and will soon be filled. The position for the Chief Financial Officer which was vacant since December 2011 was only filled in October 2012.

# Annual Report

The employment contracts for both the Strategic Manager Community Services and Strategic Manager Corporate Services expired in May 2013 and early July 2013 respectively. In anticipating this Council resolved to start the recruitment processes early in March 2013. This has helped to a certain extent in that the municipality expects to fill the positions before the end of September 2013. Other crucial include the position of the PMS and Risk Management Admin Clerk. The incumbent in this position assist with the coordination of performance and risk management matters.

With regards to minimum competency requirements, the municipality applied for the extension of the deadline which was granted. The Senior Management has since enrolled for the Certificate for Municipal Finance Management Programme.

“Councillors and Management are incredibly disappointed by the destruction of infrastructure result from the so called service delivery protests which took place towards the end of the financial year. Many lessons have been learnt from this experience, which the municipality will use to enhance its performance and communication with all relevant stakeholders. We can confirm that following these protests, the municipality will improve even more in the manner it operates.”

**MR. E. S. SITHOLE**  
**MUNICIPAL MANAGER**

## **1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

Richmond Municipality (KZ227) is one of the category B municipalities and comprises of seven (7) wards. It is located on the southern part of the uMgungundlovu District Municipality (DC22) and is approximately 38 kilometres south of Pietermaritzburg which is the capital of the KwaZulu-Natal Province. It is bordered by Umsunduzi Municipality to the north, Ingwe Municipality to the west, Mkhambathini Municipality to the east and Ubuhlebezwe and Vulamehlo Municipalities to the south. It is approximately 1232 square kilometres in extent with an estimated population of 56 772 and 12679 households. It is the fourth smallest Municipality within the uMgungundlovu District Municipality family of Municipalities.

The majority of the population resides in areas which are predominantly rural and which are characterized by low levels of basic services and facilities and substantial unemployment. The village of Richmond – Ward 1 – is the only urban centre which is recognized as the main economic node due to the services provided and nature of activities which exist in association with the legal services, primary health care, pension pay point, education and welfare office and similar state services. Land uses within this area are typically urban mixed

# Annual Report

uses with high levels of limited infrastructural and services development and an adequate provision of social facilities and services to support the resident populations.

A large portion of the municipal area is used for agricultural activities, which is also the largest employer of the municipal population. In this way agriculture is the backbone of the Municipality's economy. This suggests that preservation of high quality agricultural land is very important and development should therefore be responsive to the need of preservation.

## 1.2.1 POPULATION DETAILS

According to the 2001 census, the total population of the Richmond Municipality was approximately 63222 people. This marks a proportionately marginal growth rate from 61673 people recorded in 1996, a growth of only 1549 people in a decade. However, the 2007 community survey has indicated that the population of Richmond was estimated at 56772. In 2010 the population is estimated at 61174. The population trends in Richmond are difficult to predict accurately, as show in the following table.

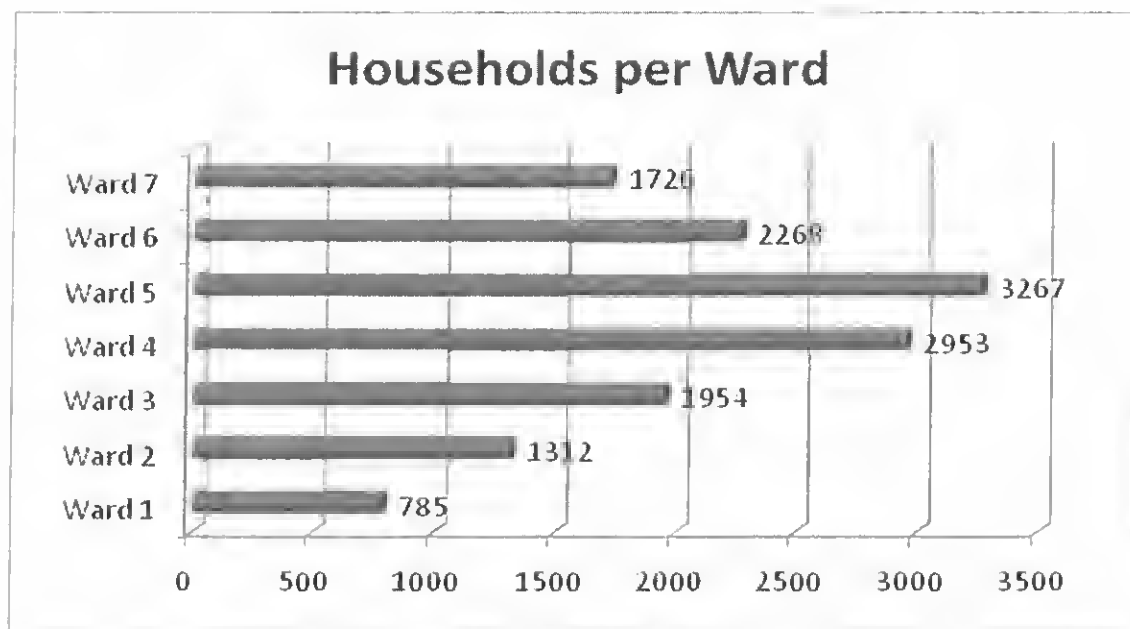
Richmond Municipality	Growth Trends				
	1995	2000	2005	2007	2010
Total Population	62976	63142	63087	56772	61174

Source: Quantec Easy Data 2010

Estimations of the population per Ward are presented in the following table. The largest Wards are Wards 5 and 4 with 22.9% and 20.7% respectively.

WARDS	2001		2010	
	Population	%age	Population	%age
Ward 1	3461	5.5	3364	5.5
Ward 2	5842	9.2	5628	9.2
Ward 3	8650	13.7	8380	13.7
Ward 4	13113	20.7	12663	20.7
Ward 5	14473	22.9	14008	22.9
Ward 6	10055	15.9	9726	15.9
Ward 7	7628	12.1	7402	12.1
Total Population	63222	100	61171	100

Source: Quantec Easy Data 2010



Household populations in Richmond Municipality are dominated by blacks (90.8%), followed by whites (5.3 %) as presented in the following table.

Ethnic Group	Number of Households	Percentage
Black Households Totals	12952	91%
Coloureds Households Total	293	2%
Asian Households Total	264	2%
White Households Total	756	5%
<b>Total Households</b>	<b>14265</b>	<b>100%</b>

Source: Quantec Easy Data 2010

Household sizes in Richmond Municipality vary from 2 to 6 members, with Indian and black households leading with 6 and 4 members per household respectively as presented in the following table:

# Annual Report

## Household Size

Population Groups	Household Size/Population Group
Black Household Size	4.4
Coloured Household Size	3.1
Asian Household Size	6.2
White Household Size	2.1

Source: Quantec Easy Data 2010

Densities in Richmond Municipality indicate that there are many more black people per square kilometre compared to other population groups as presented in the following table. This indicates the need for programmes and strategies that enhance BEE to allow this sector of the population to grow and prosper.

Number of people per square kilometers.

Population Groups	No. Of People per Km2
Black Population Density (People per Km2)	46.3
Coloured Population Density (People per Km2)	7
Asian Population Density (People per Km2)	1.3
White Population Density (People per Km2)	1.2

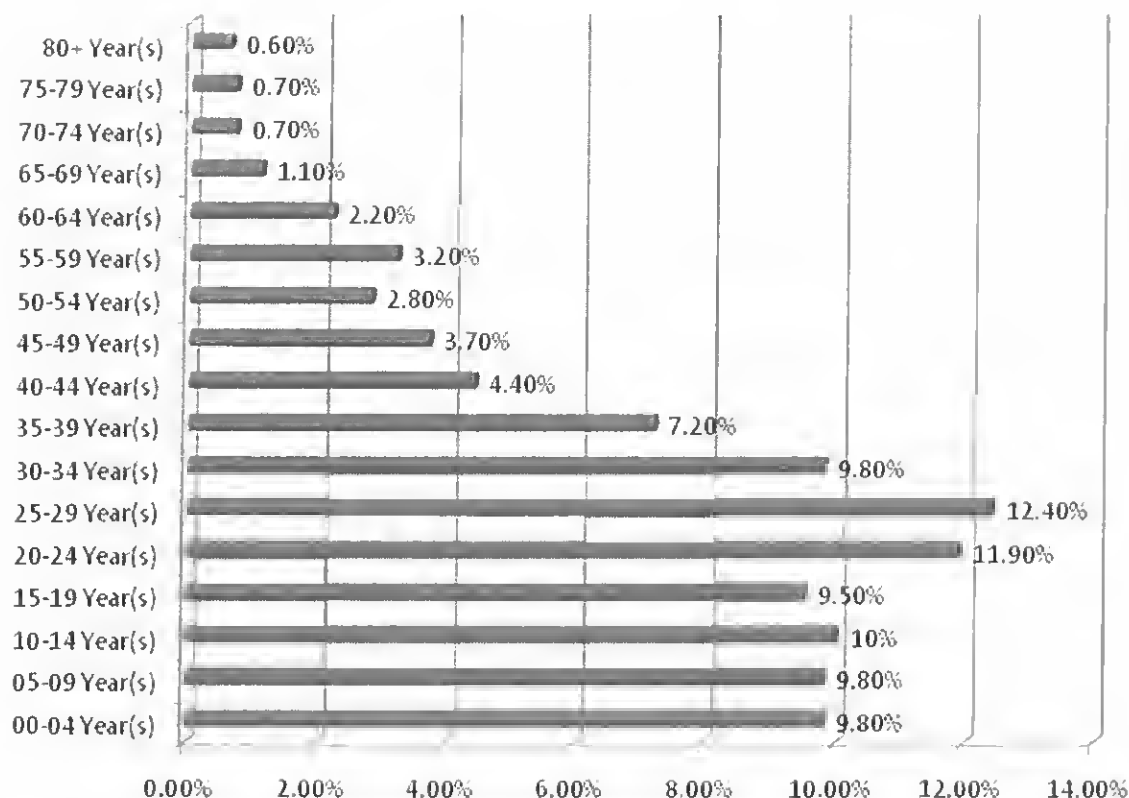
Source: Quantec Easy Data 2010

## 1.2.2 AGE GROUPS

The age distribution in the figure below shows that the municipality has a predominantly young population with 73.2% of the people being under the age of 34 years. Because of this, the youth of Richmond constitute an important factor in long-range planning needs. There will be great pressure on educational and recreational resources in the Municipality in the near future. In the longer term there will also be a surge in the demand for job creation. All these point to the need for youth development programmes in stimulating Municipal economic growth.

# Annual Report

## Municipal Age Groups



### 1.2.3 GENDER

The population of the Richmond Municipality is slightly imbalanced in terms of gender. Females outnumber their male counterparts. As indicated in Figure 2.6 below, females account for 51% of the population while males amount to 49%. This signifies the need for women empowerment development programmes and strategies in the Municipality. However, the higher representation of women could be attributed to factors such as the impact of political violence, which engulfed this area in the mid to late 1990's, and a degree of male absenteeism that characterises most rural areas where the men work in cities while the women stay behind to look after the children and homesteads.

## Gender Groups

Female, 51%



Male, 49%



### 1.2.4 ETHNIC GROUPS

The municipality is dominated by black people who account for more than 90% of the total population as shown in the graph below. This indicates the need for programmes and strategies that enhance the empowerment of blacks.

## Ethnic Groups

Coloured  
population  
total, 1.5

Asian  
population  
total, 2.6

White  
population  
total, 2.4



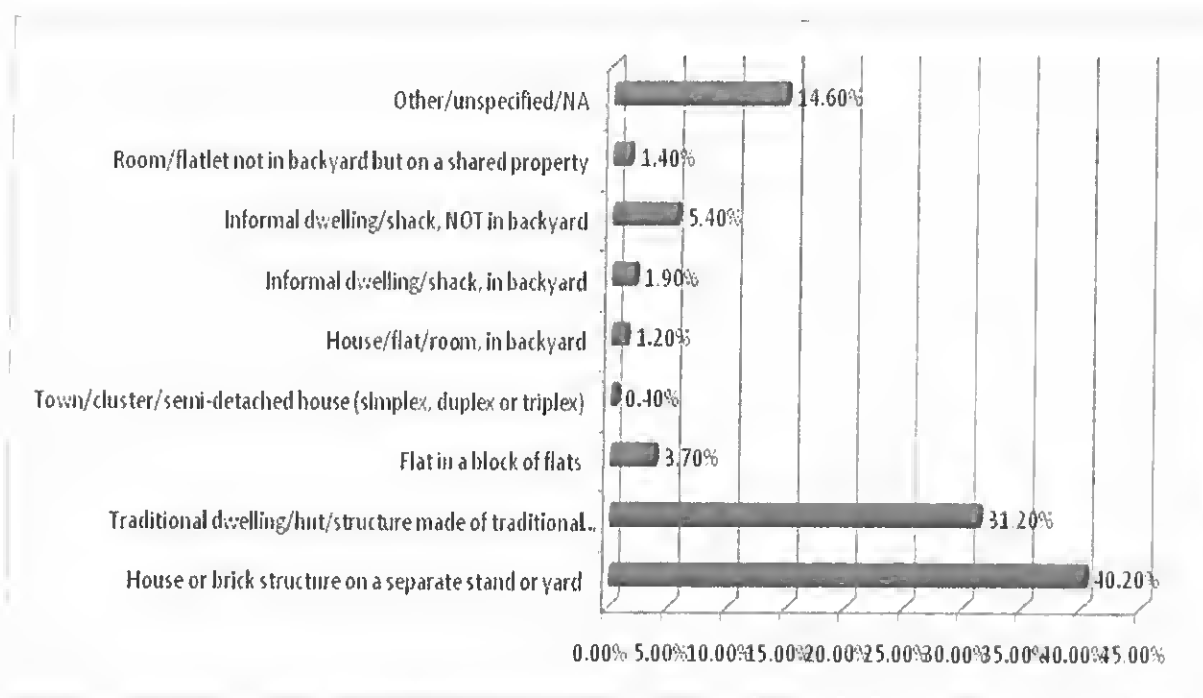
Black  
population  
total, 93.5



# Annual Report

## 1.2.5 DWELLING TYPES IN RICHMOND (2010)

There are various types of dwellings in Richmond Municipality. The house or brick structure on a separate stand or yard and the traditional dwelling/hut/structure made of traditional materials dominate the municipality with 40.2% and 31.2% of each respectively as presented in the following figure.



## 1.2.6 INCOME LEVELS

Income simply deals with total income that individuals and households receive. The way in which this income is received is not considered.

Average annual household income levels serve as an important tool when assessing a local area's level of socio-economic development. It reflects the living standards of a household and influences factors such as asset ownership. An integral part of the economic structure of an area is the spending power and multiplier effect of spending within the local economy. The following table provides an indication of the levels of income in Richmond.

# Annual Report

## Level of Income per Person (per annum)

Income levels per persons	Percentage of Sample
No Income	53.20%
R0-R4800	20.80%
R4801 - R9600	9.20%
R9601 - R19200	12.20%
R19201 - R38400	1.70%
R38401 - R76800	1.10%
R76801 - R153600	1.00%
R153601-R307200	0.50%
R307201-R614400	0.20%
R614401-R1228800	0.00%
R1228801-R2457600	0.10%
R2457601 or more	0.00%
Total	100.00%

Source: Quantec Easy Data 2010

- The majority of the sampled population (46.8%) have no income. This provides an indication that the internal spending power of the population in Richmond Municipality is very limited, if not absent.
- The second largest proportion of the households (20.8%) earn between R400 and R4800 per annum, followed by 12.2% of households which earn between R9600 and R19200

### Income Levels per Gender

The following table shows that more than 50% of women in the Municipality have no income.

# Annual Report

## Income Levels per Gender (per annum)

Income levels per Gender Groups	Male %	Female %
No income	52.14%	54.40%
R1-R4800	22.55%	19.20%
R4801-R9600	8.39%	9.90%
R9601-R19200	10.96%	13.40%
R19201-R38400	2.10%	1.30%
R38401-R76800	1.33%	0.80%
R76801-R153600	1.43%	0.60%
R153601-R307200	0.76%	0.20%
R307201-R614400	0.23%	0.10%
R614401-R1228800	0.00%	0.00%
R1228801-R2457600	0.11%	0.10%
R2457601 or more	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Quantec Easy Data 2010

## Income levels by population groups

The following table shows that blacks and coloured people have large numbers of people with no income.

## Income Levels by Population Groups (per annum)

Income levels per Gender Groups	Black	Coloured	Indian	White
No income	53.30%	50.50%	60.70%	49.20%
R1-R4800	21.70%	20.00%	0.00%	0.00%
R4801-R9600	9.50%	4.20%	2.50%	3.80%
R9601-R19200	12.20%	16.60%	7.00%	12.50%
R19201-R38400	1.70%	0.00%	2.30%	0.00%
R38401-R76800	0.70%	4.20%	12.60%	3.60%
R76801-R153600	0.50%	4.50%	7.70%	19.60%
R153601-R307200	0.20%	0.00%	4.50%	11.30%
R307201-R614400	0.10%	0.00%	2.70%	0.00%
R614401-R1228800	0.00%	0.00%	0.00%	0.00%
R1228801-R2457600	0.10%	0.00%	0.00%	0.00%
R2457601 or more	0.00%	0.00%	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Quantec Easy Data 2010

## Income level by households

The following table shows that the majority of households in the Richmond Municipality earn between R9601-R19200 per annum.

# Annual Report

## Household Income (per annum)

Income levels per Gender Groups	Percentage
No income	10.10%
R1-R4800	5.20%
R4801-R9600	11.30%
R9601-R19200	23.80%
R19201-R38400	19.50%
R38401-R76800	10.30%
R76801-R153600	4.20%
R153601-R307200	2.70%
R307201-R614400	1.10%
R614401-R1228800	0.00%
R1228801-R2457600	0.40%
R2457601 or more	0.00%
<b>Total</b>	<b>100.00%</b>

## 1.3 SERVICE DELIVERY OVERVIEW: SOCIO ECONOMIC ANALYSIS

### 1.3.1 ACCESS TO SERVICES

Richmond Municipality has been involved in the formulation of policies and the implementation of programmes designed to address serious service backlogs associated with the apartheid past. These include water and sanitation programmes, and the identification of land for the development of cemeteries and waste disposal sites. Each of these programmes is based on the national guidelines and principles, and seeks to contribute to meeting the national targets.

### 1.3.2 ACCESS TO WATER

The Richmond Town is well serviced in terms of water and sanitation, but problems are experienced with regard to the reticulation system. These are largely due to old infrastructure and the limited capacity of sewerage plant.

In the semi-urban areas of Greater Ndaleni and Hopewell, households make use of communal water standpipes and self made VIP toilets. The following table indicates the access to water by population groups.

# Annual Report

## Access to Water by Population Groups

Access to water by Population Groups	No of Households	Percentage %
Black	12952	90.80%
Coloured	293	2.10%
Indian	264	1.90%
White	756	5.30%
<b>Total</b>	<b>14265</b>	<b>100%</b>

Source: Quantec Easy Data 2010

The following table shows the types of water resources in the Richmond Municipality and the water access population groups.

## Water Access by Population Groups

Access to water by Population Groups	No of Households	Percentage
Black	12952	90.70%
Coloured	293	2.10%
Asian	264	1.90%
White	756	5.30%
<b>Total</b>	<b>14265</b>	<b>100.00%</b>

Source: Quantec Easy Data 2010

The following table shows the types of water resources in the Richmond Municipality and the water access population groups.

## Water Access by Population Groups

Description	Blacks	Coloureds	Asians	Whites
Piped water inside dwelling	12.10%	75.80%	83.40%	66.60%
Piped water inside yard	31.80%	12.40%	12.20%	10.50%
Piped water on community stand: Distance less than 200m from dwelling	26.00%	2.90%	0.40%	1.30%
Piped water on community stand: distance greater than 200m. from dwell	10.00%	2.70%	1.30%	2.70%
Borehole/rain-water tank/well	1.20%	1.70%	1.20%	15.90%
Dam/river/stream/spring	16.30%	2.70%	1.10%	2.50%
Water-carrier/tanker/Water vendor	1.10%	0.00%	0.00%	0.20%
Other/Unspecified/Dummy	1.50%	1.80%	0.40%	0.30%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Quantec Easy Data 2010

# Annual Report

The following problems are experienced in these areas:

- Uneven distribution of services;
- Inadequate reticulation;
- Water wastage; and
- Illegal connections.

The rural areas still experience high backlogs in terms of water and sanitation provision. Households still rely on boreholes and natural water sources such as rivers and springs for water supply. This means that they are exposed to a high risk of contracting waterborne diseases as these water sources are shared with livestock and the water is contaminated. Strategies need to be developed to expedite the provision of safe and clean water.

### 1.3.3 ACCESS TO SANITATION

The current level of sanitation backlog indicates that approximately 6% of the residents do not have access to any sanitation facility. A large number of households still use pit latrines and clearly, this is the most common form of sanitation in Richmond. The following table shows the access to sanitation by population groups.

#### Access to Sanitation by Population Groups

Access to Sanitation by Population Groups	No of Households	Percentage %
Black	12952	90.80%
Coloured	293	2.10%
Indian	264	1.90%
White	756	5.30%
Total	14265	100%

Source: Quantec Easy Data 2010

The following table shows the types of sanitations accessed by people in the Richmond Municipality. Whites and Indians dominate in the use of flush or chemical toilets compared to other population groups existing in the Municipality.

#### Quality of Sanitation by Population Group

Types of Sanitation	Blacks	Coloureds	Asians	Whites
Flush or chemical toilet	16.00%	89.00%	95.00%	96.40%
Pit latrine	59.00%	11.00%	3.00%	2.10%
None of the above	24.00%	0.00%	2.00%	1.20%
Unspecified/Dummy	1.00%	0.00%	0.00%	0.30%
Total	100.00%	100.00%	100.00%	100.00%

Source: Quantec Easy Data 2010

# Annual Report

It should be noted that every household should have access to proper sanitation facilities and that the bucket system needs to be totally eradicated. Richmond Municipality is part of Project Consolidate, and if indeed the bucket system still exists, the State President has issued an order to have this system eradicated as soon as possible.

## 1.3.4 SOURCES OF ENERGY

The semi-urban and rural areas are the most under serviced areas in terms of access to electricity. Households without access to electricity resort to other energy sources such as candles, paraffin, coal, etc which can prove to be dangerous if not properly monitored. The main problems with regard to electricity provision relate to inadequate bulk supply. In addition, access to areas is difficult due to the topography and insufficient funding for building adequate roads to these areas. The following table shows the types of energy sources accessed by people in the Richmond Municipality.

### Access to Energy Sources

Energy Sources	No of Households	Percentage %
Solar/other/unspecified	68	0.50%
Electricity	9707	68.00%
Gas	45	0.30%
Paraffin	255	1.80%
Candles	4189	29.40%
<b>Total</b>	<b>14265</b>	<b>100%</b>

Source: Quantec Easy Data 2010

The following table shows the levels of access to the different energy sources by population groups in the Richmond Municipality.

### Energy Sources by Population Groups

Energy Sources	Blacks	Coloureds	Asians	Whites
Solar/other/unspecified	0.30%	0.00%	0.00%	3.20%
Electricity	66.40%	70.80%	91.30%	87.00%
Gas	0.30%	1.40%	0.40%	0.20%
Paraffin	1.60%	14.00%	0.70%	1.20%
Candles	31.40%	13.80%	7.60%	8.40%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Quantec Easy Data 2010

However, with regard to the electricity supply in Richmond Municipality, the following trends need to be highlighted:

# Annual Report

## Households and School Access to Electricity

Energy Sources	No of Households	Percentage %
Households electrified	7802	54.70%
Households not electrified	6403	45.30%
Schools electrified	7	11.29%
Schools not electrified	55	88.71%
<b>Total</b>	<b>14267</b>	<b>100%</b>

Source: Eskom, Distribution Division, Eastern Region, 2009

Further, the following projects have been identified for the electrification in Wards three and five:

### Eskom Projects for Electrification in Wards 3 and 5

Richmond Municipality				
LM CODE	Project Name	P60K	Conns	Ward No.
KZN227	Nhlazuka Group	Y	693	5
KZN227	Emgxobeleni	N	327	3
KZN227	Mbila	N	1372	5
KZN227	Emgxobeleni	Y	328	3
<b>Totals</b>			<b>2720</b>	

Source: Eskom, Distribution Division, Eastern Region, 2009

### 1.3.5 REFUSE REMOVAL

The Richmond Town area is the only place where solid waste removal services are available. The service is not available to households in the semi-urban and rural areas. Communities rely on traditional methods of disposing of their litter which include digging a pit for dumping purposes. Others dispose of waste in the open without any formal pattern. Disposal of waste in the open can have serious negative impacts on the environment and human health. An awareness programme is required to develop proper refuse removal mechanisms. This includes educating members of the public about environmental management and sustainable means to deal with household waste. The following table shows the types of refuse removal used in the Richmond Municipality.

#### Access to Various Types of Refuse Removal



# Annual Report

Description of Refuse Removals	No of Households	Percentage %
Unspecified / other	259	1.80%
Removed by local authority at least once a week	1582	11.10%
Removed by local authority less often	129	0.90%
Communal refuse dump	425	3.00%
Own refuse dump	11051	77.50%
No rubbish disposal	817	5.70%
<b>Total</b>	<b>14263</b>	<b>100%</b>

Source: Quantec Easy Data 2010

The following table presents the types of refuse removal by population groups in the Richmond Municipality.

## Access to Refuse Removal by Population Groups

Types of Refuse Removals	Blacks	Coloureds	Asians	Whites
Unspecified / other	1.90%	0.20%	0.10%	1.50%
Removed by local authority at least once a week	7.70%	72.80%	84.40%	20.10%
Removed by local authority less often	0.60%	0.00%	1.00%	7.20%
Communal refuse dump	2.70%	6.40%	6.60%	5.80%
Own refuse dump	81.10%	20.60%	7.40%	59.70%
No rubbish disposal	6.00%	0.00%	0.50%	5.70%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Quantec Easy Data 2010

### 1.3.6 PUBLIC ROADS

The main road linkages in the municipality are the R56 forming a north-south corridor and linking Pietermaritzburg, Richmond and Ixopo; and the R624 linking Richmond to the coast. There are a number of provincial roads which link the Richmond Town to other areas such as Thornville, Hopewell, etc. In addition, district and local roads provides the rural hinterland areas with access to the main roads.

Provincial roads within Richmond are in a fair to poor condition. The roads within the town of Richmond, although tarred, are in a poor condition. In addition, the following issues were also identified with respect to these roads: inadequate storm water drainage, lack of speed humps, lack of adequate electronic traffic calming measures, lack of properly aligned pedestrian walkways and 29 poorly designed parking bays. In the semi-urban areas only the main roads in the Greater Ndoleni area, Hopewell, Thornville and Byrne Valley are tarred. The remainder of the roads, which are mainly gravel roads, are in poor condition.

### 1.3.7 HEALTH FACILITIES

Health services in the municipality are provided by the Provincial Department of Health. The following health facilities are found in the municipal area:

# Annual Report

- Richmond Chest Hospital;
- Provincial clinics in Richmond, Ndaleni and eMbuthisweni;
- Private clinic in Inkumane;
- Six mobile clinic ports

## Impact of HIV/AIDS

Between the years 2000 and 2010 many South Africans have died from HIV/AIDS related diseases. The number of deaths from HIV/AIDS is considerably higher than that from any other single cause of death and will probably double the number of deaths from all other causes combined. It has been found that the uMgungundlovu District Municipality accounts for 23% of the KwaZulu-Natal HIV/AIDS cases. Richmond Municipality has the highest number of HIV positive people in the District compared to other Municipalities. The following table shows that HIV/AIDS related deaths outnumber deaths from other diseases.

## Deaths from HIV/AIDS and Other Diseases

Description	Male		Female	
	Population	Percentage	Population	Percentage
Population	30355	100%	30818	100%
HIV Positive	4883	16%	6005	19.10%
Aids Deaths	370	1.20%	441	1.40%
Other Deaths	287	0.90%	212	0.60%

Source: Quantec Easy Data 2010

The Richmond Chest Hospital is a great hospital and receives a large number of people from all provinces. All HIV positive people treated at this hospital are counted under Richmond Municipality while some of them reside from other areas. Therefore, these figures will need to be taken with precautions.

The likely effect of HIV/AIDS on **social systems**:

- Poor households are more vulnerable and the epidemic is likely to deepen poverty and compromise upward mobility,
- There is increased demand for housing, education and other community facilities:
- A greater demand for health care facilities,
- A greater demand for financial support for orphans, child-headed households and households run by grandparents, and
- A negative population growth rate is affecting the sustainability of projects that are based on certain population projections.

# Annual Report

The likely effect of HIV/AIDS on the economic systems:

- There is a shift from savings to current expenditure, limiting fixed investment and economic growth,
- The possibility of „technological deepening“ of the economy as a result of higher absenteeism rates: Machinery will replace people in the labour market, with negative outcomes in the long term for job creation,
- Further erosion of household savings and skills shortage, and
- Increased spending on pharmaceuticals and funerals.

In light of the above, the agricultural sector will suffer most as it relies heavily on the availability of a physically active workforce.

## **Cholera and other related diseases.**

The occurrence of these diseases is a direct result of the absence of potable water as well as the lack of proper sanitation in the rural component of the Richmond Municipality. This results in the contamination of natural water resources. This may lead to outbreaks of disaster proportions and is specifically characteristics of the rural areas. These diseases are life threatening and require constant monitoring.

Finally, health facilities are not well distributed throughout Richmond Municipality and certain areas have medium to higher concentrations of people who are not serviced. Measures would therefore need to be put in place to ensure that these areas have access to health facilities.

### **1.3.8 EDUCATION FACILITIES**

There is a total of 62 schools<sup>1</sup> in the municipal area. These schools are well distributed in the municipal area and generally meet the recommended planning standard of 600 households for each primary school and 1200 households per secondary school.

The following table indicates the level of education in the adult population of the Richmond Municipality

#### **Education Levels**

Levels of Education	Percentage
No Schooling	22%
Some Primary Education	32%
Complete Primary Education	8%
Some Secondary Education	27%
Grade 12	7%
Higher Education	4%
<b>Total</b>	<b>100%</b>

Source: Community Survey 2007

# Annual Report

With regard to the level of education by gender groups, the following table shows that there is a balance between males and females in the Richmond Municipality as their levels of education are almost similar.

## Level of Education by Gender

Levels of Education	Male	Female
No Schooling	29%	33%
Some Primary Education	22%	25%
Complete Primary Education	16%	15%
Some Secondary Education	13%	11%
Grade 12	11%	9%
Higher Education	9%	7%
Total	100%	100%

Source: Community Survey 2007

The following table shows that illiteracy is more common amongst Indians and coloured compared to other population groups.

## Level of education by population groups.

Levels of Education	Blacks	Coloureds	Asians	Whites
No Schooling	34%	30%	4%	5%
Some Primary Education	22%	21%	9%	8%
Complete Primary Education	17%	19%	33%	15%
Some Secondary Education	14%	13%	21%	22%
Grade 12	11%	10%	22%	31%
Higher Education	2%	7%	11%	19%
Total	100%	100%	100%	100%

Source: Community Survey 2007

## 1.3.9 SPORT FACILITIES

The geographic spread of sports facilities within the Richmond Municipality indicates that only certain areas have access to these facilities. Sports fields are found at Inhlazuka (Mpofana), Hopewell, Argosy Farm, Indaleni, KwaGengeshe, Richmond Village and Phatheni (informal). With the exception of the sports field at Indaleni the remaining sports fields are in a poor condition.



MPOFANA SPORTSFILED COMPLETED IN 2012/2013

### **1.3.10 MEANS OF COMMUNICATION**

In Richmond Municipality, people utilise the following means of communication to access and spread information:

- Public Phones
- Private phones
- Cell phones
- Internet
- Letters
- SABC Radio and news media

In the Richmond Municipality, every household has access to at least one means of communication. The following table indicates the types of telephone used in the Richmond Municipality by various population groups.

# Annual Report

## Types of telephones by population groups

Description	Blacks	Coloureds	Indians	Whites
In this dwelling and/or cellular phone	44.3%	69.4%	73.6%	90.0%
At a public telephone nearby	18.8%	20.3%	7.0%	1.2%
At a neighbour nearby	9.8%	3.7%	2.6%	0.8%
At another location, not nearby	5.5%	1.7%	0.7%	0.6%
At another location nearby	3.5%	2.2%	1.6%	2.0%
NA (institution)/unspecified/none	18.1%	2.7%	14.5%	5.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: Quantec Easy Data 2010

## 1.4 FINANCIAL HEALT OVERVIEW

### 1.4.1 ASSESSMENT BY THE ACCOUNTING OFFICER OF ANY ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES.

Debtors balance as at the 30 June 2013 is R6, 278, 589 (R6, 275,338: 2012). This literally means that Municipality collected 99.97% of bills raise during the year under review. The Municipality's overall collection rate for the year under review if we take into account opening balances was 62,74% as opposed 65.02% in 2012. This is a very good performance considering the target of 50% that was set at the beginning of the year. This recovery rate is broken down as follows:

	<u>2013</u>	<u>2012</u>
• Property Rates	66.12%	66.69%
• Refuse Removal	64.82%	88.29%
• Miscellaneous	37.68%	52.44%

Total miscellaneous debtors balance as at 30 June 2013 is R1, 234, 654 of which R973, 390 which represent 78.8% is rental revenue owed by Magnificent Four (Pty) Ltd who are developers of the shopping complex in the Municipal owned land. This amount has reduced by 11.2% in 2013. The disputed that existed between the Municipality and Magnificent Four Group has since been resolved hence the company has started to service the debt.

Property rates debt owed by Government Departments is R956, 750: 2013 (R2, 184, 455: 2012). This figure has reduced significantly in the year under review. The Department of Public Works as well as Provincial Treasury are making an effort to ensure that Municipalities are paid monies owed.

Debt in respect of refuse removal is R168, 653: 2013 (R110, 873: 2012). This debt is mainly owed by businesses. This debt is pursued by the Municipality on a regular basis.

Municipality has established its credit control unit to pursue debt and implement the credit control policy of the Municipality. Currently the Municipality utilises the services of the

# Annual Report

external service provider. Debt handed over to Venn Nemeth and Hart Attorneys for Collection is R219, 436 and the other service provide is pursuing another R150, 036. Another R151, 388 is pursued by Municipality and acknowledgements of debts have been signed in respect of this balance. The Municipality is looking at improving debt collection rate in 2013/2014.

## Accounting Officers Analysis of Municipal Taxes - 2012/2013.

Details	30Days	60 Days	90 Days	120 Days +	Total
Rates (Property Rates)	-192 402	208 979	155 251	4 703 453	4 875 281
Refuse Removal Tariffs	13 815	14 035	10 595	130 208	168 653
Other Debtors	30 354	51 665	61 371	1 091 264	1 234 654
<b>Total By Income Source</b>	<b>-148 233</b>	<b>274 679</b>	<b>227 217</b>	<b>5 924 925</b>	<b>6 278 588</b>
<b>Debtors by Customer Group</b>					
Government	6 369	14 687	5 994	929 700	956 750
Business	-959	58 095	53 112	1 653 064	1 763 312
Households	-76 288	114 578	81 634	1 911 524	2 031 448
Other Debtors	-77 355	87 319	86 477	1 430 637	1 527 078
<b>Total By Customer Group</b>	<b>-148 233</b>	<b>274 679</b>	<b>227 217</b>	<b>5 924 925</b>	<b>6 278 588</b>

## 1.5 AUDITOR GENERAL REPORT 2011/2012

Richmond Municipality obtained an Unqualified Audit Opinion with 1 matter of emphasis in 2011/2012 financial year. In 2010/2011, the Municipality obtained an Unqualified Audit Opinion with no matters of emphasis (Clean Audit Report). The municipality is committed to reverting to its "Clean Audit" status in 2012/2013 financial year it achieved in 2010/2011.

In preparing for this the municipality has improved significantly in its financial management and addressed all matters which were raised by the Auditor General in 2011/2012.

## 1.6 STATUTORY ANNUAL REPORT PROCESS

Prescribed Dates	Actions	MFMA (M5A)	Responsibility of
31 August	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager
31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature names of any municipalities, which have failed or continue to fail to submit AFS	S133(2)	Auditor-General
Within three months of receiving AFS (30 November or 31)	Audit report returned to Municipal Manager	S126(3)	Auditor-General

# Annual Report

December)			
On receipt of audit report	Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report. Provide copy of report to Audit Committee.	S131(1)	Municipal Manager. Mayor must ensure compliance by municipality.
31 January	Annual Reports of municipality and entities tabled in Council.	S127(2)	Mayor
Immediately after annual report is tabled	Annual report made public and local community invited to submit representations.	S127(5)(a) (MSA) S21A and B	Municipal Manager
Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department responsible for local government in the province.	S127(5)(b)	Municipal Manager
When meetings held to discuss the annual report.	Attend meetings to respond to questions concerning the report	S129(2)(a)	Accounting Officer of municipality and entity
Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government.	S129(2)(b)	Accounting Officer of municipality and entity
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report.	S129(1)	Council
Within seven days of adoption of oversight Report.	Make public the oversight report.	S129(3)S21A-MSA	Accounting Officer
Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of municipality and entities and the oversight reports on those annual reports.	S132(1) & (2)	Accounting Officer
<b>Notes:</b> <ul style="list-style-type: none"> <li>MFMA section 133 provides for consequences of non-compliance with provisions relating to the submission of AFS and tabling of annual reports.</li> <li>All dates shown are the latest permissible in terms of the applicable legislation, earlier compliance is preferable.</li> </ul>			

## CHAPTER 2: GOVERNANCE STRUCTURE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 POLITICAL GIVERNANCE

##### 2.1.1 THE RICHMOND MUNICIPAL COUNCIL

Municipalities in South Africa are governed by Municipal Councils. Richmond Municipal Council is therefore the governing body of the Richmond Local Municipality (RLM) and the custodian of its powers, duties and functions, both legislative and administrative. Essentially, the Council performs a legislative and executive role. The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) defines the role of the Council as being:



# Annual Report

- a) (making) decisions concerning the exercise of all the powers and the performance of all the functions of the municipality
- b) (electing) its chairperson
- c) (electing) an executive committee and other committees, subject to national legislation
- d) (employing) personnel that are necessary for the effective performance of its functions

Richmond Municipal Council is constituted by 14 elected Councillors; 7 Councillors are ward representatives and 7 represent their political parties on a proportional basis. The parties in Council are illustrated in Table below.

Political Party	No. of Seats	No. of Wards	PR Seats
African National Congress	11	6	5
Independent	1	1	0
United Democratic Movement	1	0	1
Democratic Alliance	1	0	1
National Freedom Party	0	0	0
Inkatha Freedom Party	0	0	0
<b>Totals</b>	<b>14</b>	<b>7</b>	<b>7</b>

## 2.1.2 SYSTEM OF GOVERNANCE

Richmond Municipality use a collective executive system. In this system, the municipal council elects an executive committee, and then delegates executive responsibilities to the executive committee. The executive committee takes decisions on matters that fall within its delegated powers. The establishment of a separate executive structure enables a small group of councillors (those who sit on the executive committee) to deal with the day-to-day business of running the municipality. In a collective executive system, the municipal council must elect one member of the executive committee as the chairperson of that committee. The chairperson of the executive committee is the Mayor.

The Executive Committee of Richmond Municipality comprises three members as shown below:

(Insert their photos starting with the Mayor, then Deputy Mayor and Cllr. D. T. Kunene.

# Annual Report

## 2.1.3 CHAIRPERSON/SPEAKER OF COUNCIL

Richmond Municipality has a Speaker of Council who is the Chairperson elected in terms of section 36 of the Municipal Structures Act, Act No. 117 of 1998 as envisaged in section 160 of the Constitution of the Republic of South Africa.

*(Insert the Speakers Photo) Cllr. T Shobalolo*

The speaker's role in a municipality is key to ensuring oversight, accountability, integrity, discipline of office, and the efficient running of council meetings. As such, impartiality in the exercise of his or her function is essential for the speaker. The speaker must distinguish between his or her activities as a politician and his or her functions as a speaker. It also means that the function of the speaker and the non-partisan exercise of that function must be respected by members, parties and interests represented in the council.

The key principles underlying the role of the Speaker are:

- (a) chair of council meetings;
- (b) implementation of the Code of Conduct; and
- (c) exercise of delegated functions including -
  - i. facilitating public participation in legislative matters;
  - ii. establishment and functioning of ward committees; and
  - iii. support to councillors.

The speaker is the guardian of the integrity of the council and the guardian of members' privileges and interests as council members. The privileges and interests of councillors include freedom of speech and immunity in the council as well as the use of council facilities, receipt of allowances, training and support, etc. Importantly, this role, combined with the speaker's role in terms of the Code of Conduct (Schedule 1 to the Systems Act), requires the speaker to guard against the abuse of councillors' privileges and interests.

## 2.1.4 PORTFOLIO COMMITTEE

Richmond Municipality has four other committees which support the effective functioning of the Executive Committee. The table below shows four different committees and their chairpersons:

Name of the Portfolio Committee	Chairperson/Responsible Councillor
Planning, Infrastructure and Economic Development	Mayor – Cllr. A. Ragavaloo
Human Resources, and Information Technology.	Cllr. D. Kunene
Community Development and Social Services	Deputy Mayor - Cllr. P. Ngcobo

# Annual Report

Municipal Public Accounts Committee – Standing Committee on Municipal Accounts	Cllr. J. Jili
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## 2.2 ADMINISTRATIVE GOVERNANCE

### 2.2.1 THE MUNICIPAL MANAGER

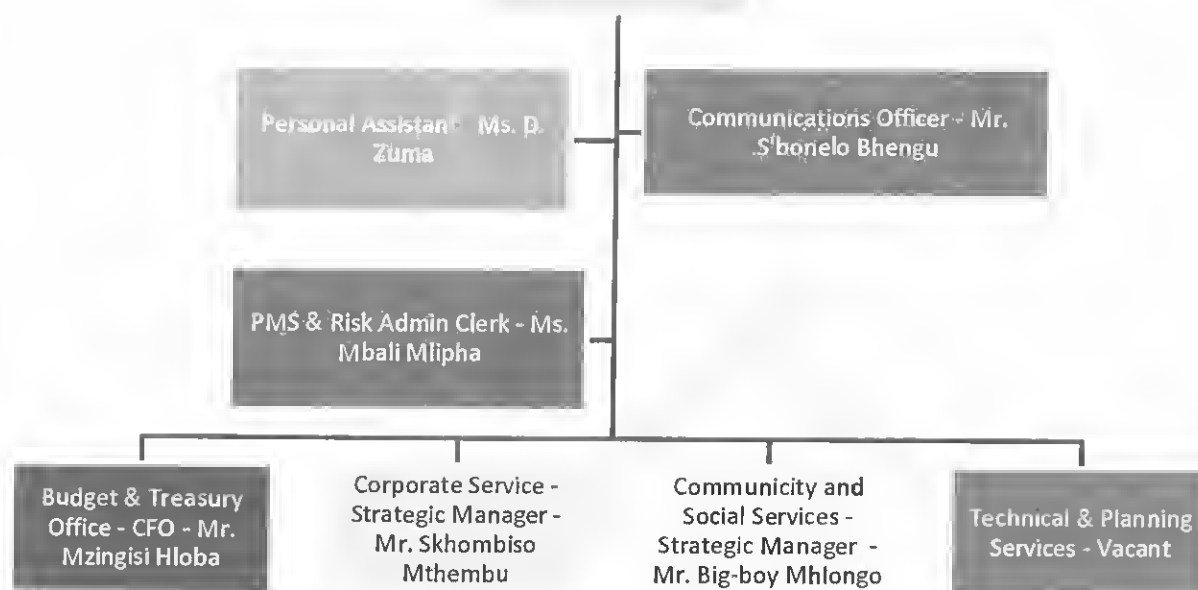
(Insert Photo of the Municipal Manager – Mr. E. S. Sithole)

The administration is headed by the Municipal Manager as the Accounting Officer. The Municipal Manager is further responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration as well as the management of the provision service in a sustainable and equitable manner within the municipality. The administration is made up of the following directorates headed by Executive Management Teams: Finance, Corporate Services, Community and Social Development and Technical and Planning Services.

The figure below provides an organogram of Richmond Municipality

### ORGANIZATIONAL STRUCTURE OF RICHMOND MUNICIPALITY

# Annual Report



## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3 INTERGOVERNMENTAL RELATIONS

The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act. Richmond Municipality furthermore participates in the uMgungundlovu Intergovernmental Forum. This forum provide a platform for engagement on matters affecting the family of municipalities within the District and to share best practises in pursuing the objects of local government. The Richmond Municipality also participates in the Provincial Housing Coordinating forum where parties look into the Human Settlement Grant funded projects, based on the allocation granted for the province. The Municipality also takes part in the CoGTA DTAC that drives the implementation of performance systems within Municipalities.

## COMPONENT C: PUBLIC PARTICIPATION AND ACCOUNTABILITY

### 2.4 PUBLIC MEETINGS

We consider public meetings as the core in obtaining service infrastructure delivery inputs form the community. Despite the legislative require of the Constitution and the Municipal Systems Act, local government would not exist without undertaking community meetings because the municipality exist for the people who reside in that particular municipal area. Public meetings were held in all wards between October 2012 and December 2012 to report on the implementation of the Budget and IDP for first quarter of 2012/2013 that ended on the 30 September 2012. During these meetings municipal officials also gather information relating to the IDP review for 2013/2014 financial. After the end of the second quarter in

# Annual Report

January and February 2013 the municipality conducted another round of public meeting to report on second quarter performance and take more inputs on budget and IDP preparations for 2013/2014.

In April 2013 after the municipality had tabled in draft IDP and Draft Budget for 2013/2014, another round of public meetings was conducted to report on quarter 3 performance and also tabled the draft budget and IDP for 2013/2014 in order to obtain public inputs.

After the budget was approved by Council and after the end of the fourth quarter the Municipality in July 2013 conducted another round of public participation meetings to report on last quarter of 2012/2013 performance and to give feedback on the approval of the budget for 2013/2014.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

The Municipal Systems Act (as amended) has prompted changes in the way in which the Council plans for the future of the municipality. It also provides greater scope for communities to make their own choices about what the Council does and how. This legislation requires the Richmond Municipal Council to undertake an exercise, at least once in every year, to identify community development priorities. These development priorities are determined with active participation by affected communities. These priorities form the basis for the long-term integrated development plan.

Since the first term of Council in 2000-2005, the Richmond Municipality Council has been consulting with members of the community, local business community and community organisation to determine the priorities of the people of Richmond. Along with the development priorities for the second term of the Council (2006-2011), these priorities were formulated based on the information gathered on social dynamics, service provision and people's perception of the Municipality's strengths, weaknesses, opportunities, and threats.

## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 RISK MANAGEMENT

Richmond Municipality regards risk management as an important function that contributes to the achievement of the municipality's objective and provides assurance that key risks are being identified and assessed; and effective controls are put in place to mitigate risks. To this end, Richmond Municipality has a draft Risk Management policy as a tool to assist the municipality to proactively identify any uncertainties that could prevent it from achieving its objectives or that could impact negatively on the desired level of service delivery. In the 2012/2013 financial year the Richmond Municipality developed a Risk Management Strategy supported by the Risk Management Policy, the document that set the stance of the municipality with regards to risk management. To build capacity around risk management, the position of an Administration Clerk in the Municipal Manager's Office was created and filled in December 2012. The incumbent is responsible for ensuring that the municipality has

# Annual Report

a dedicated person to deal with issues of risk management in compliance with the provisions of the MFMA.

Municipality has established a Risk Management Committee. Members who serve on the Municipal Public Accounts Committee also serve in the Risk Committee.

## 2.7 INTERNAL AUDIT

The municipality is outsourcing the internal audit services since it is not affordable to develop an in-house unit due to financial constraints. The District Intergovernmental Forum is looking at establishing a shared service for internal audit services. The unit provides independent and objective internal audit services that are designed to add value and improve the Municipality's operations. The unit also provides administrative and secretariat support services to the Municipality's Audit Committee. The unit operates in terms of the internal audit charter that has been approved by the Municipality's Audit Committee. To this end, the unit has assisted the municipality to strengthen internal controls in some areas through its recommendations made to management.

## 2.8 AUDIT COMMITTEE

In line with section 166 of MFMA, the municipality has established its own Audit Committee which also serves as the Performance Audit Committee.

All three (3) members of the Committee are independent with no interest in the management of the Municipality. The report of the Audit Committee as well as a schedule of meetings is part of the annual report.

The members of the Committee are as follows:

- Mr. D. Mncwabe – (Chairperson of the Committee)
- Ms. S. Keshav – Member
- Ms. S. Rajah – Member (Contract terminated)
- Ms. N. Sithole – Member (Appointed in May 2013)

## 2.9 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Public Accounts Committees (MPAC) is established in terms of the provisions of the Local Government Municipal Structures Act, Act 117 of 1998 and the Municipal Finance Management Act, Act 56 of 2003 to serve as an oversight committee to exercise oversight over the executive obligations of council. The MPACs assist council to hold the executive and municipal administration to account, and to ensure the efficient and effective use of municipal resources. By so doing, the MPAC would help to increase council and public awareness of the financial and performance issues of the municipality.

The Committee was first established in October 2011 has had four meetings during the 2011/2012 financial year. The Committee makes recommendations to Council and sometimes refers matters to the Audit Committee. The Committee has dealt with the Annual Report for 2011/2012 and provided a comprehensive report in that regard.

The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting

# Annual Report

Officer of a municipality or municipal entity. MPAC can request the support of both the internal and external auditors (advisory) when necessary. It should be noted that the standard rules for the council apply to MPAC. The committee shall have permanent referral of documents as they become available relating to:

- In-year reports of the municipality and municipal entities;
- financial statements of the municipality and municipal entities as part of the committee's oversight process;
- audit opinion, other reports and recommendations from the Audit Committee;
- information relating to compliance in terms of sections 128 and 133 of MFMA;
- information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before the committee;
- any other audit report from the municipality or its entities; and
- performance information of the municipality and municipal entities.

MPAC is not responsible for policy formulation or prioritization matters, unless serving on the full council, regarding municipal projects or the role assigned to the Mayor. The MPAC reports directly to Council through the Speaker of the municipality and interfaces with the other committees of council through the Speaker, where relevant.

## 2.10 ANTI-CORRUPTION AND FRAUD

Richmond Municipality is committed to protecting its revenue, expenditure and property from any attempt, either by members of the public, contractors, subcontractors, agents, intermediaries or its own employees, to gain by deceit financial or other benefits. This policy is designed to protect public money and property, protect the integrity, security and reputation of our public institutions and maintain a high level of services to the community consistent with good governance.

There are three elements to the Municipality's policy:

- ❑ Reduction of losses through fraud by the rigorous implementation of fraud prevention procedures:
- ❑ A commitment to a policy of detection, investigation, recovery and prosecution of individual cases of fraud: and
- ❑ Respect for the civil rights of all citizens – including its employees

Heads of Departments are responsible for fostering an environment within their departments, which makes active fraud prevention a major responsibility of all municipal staff, for articulating clear standards and procedures to encourage the minimization and deterrence of fraud, and for the detection and prosecution of offences should they occur.

It is incumbent on all municipal employees; in particular management, to develop,

encourage, insist upon and implement sound financial, legal and ethical decision-making within their departments.

All Richmond Municipality employees are to make themselves familiar with the concepts and responsibilities of fraud prevention. Heads of Department are to ensure that training programs include appropriate fraud prevention issues. Relevant unions have an important role to play in the development and provision of fraud prevention training, particularly in the area of ethics and code of conduct.

It is the responsibility of all Richmond Municipality managers to ensure that the management decision-making process is as open and public as possible. Fraudulent conduct breeds in an environment where systems, standards and procedures are open to exploitation. It is in the best interests of better fraud prevention for Municipality's decision making to be visible and unambiguous to the employees, the Ministers, the Provincial Department of Local Government and Traditional Affairs, Provincial Treasury, Provincial Legislature, other stakeholder who have interest in the Municipality including private sector and the community as a whole. Visibility is the cornerstone of public sector accountability.

Fraud prevention is concerned ultimately with the effective utilization of resources and the minimization of waste, abuse, mismanagement, fraud and corruption. Effective accountability mechanisms for the use of public funds act to bolster the fraud prevention environment. Measures to prevent fraud should be continually monitored, reviewed and developed particularly as new systems, benefit programs, contracting or arrangements are introduced or modified.

## **2.11 SUPPLY CHAIN MANAGEMENT**

Richmond Municipality has a Supply Chain Management Policy which it adheres in acquiring goods and services. The Municipality has a fully fledged Supply Chain Management Unit. This unit (usually abbreviated to SCM) manages the supply and acquisition of goods and services to the municipality or on behalf of the municipality. This includes construction works and consultant services, the disposal of goods no longer needed, and the selection of contractors to assist in the provision of municipal services.

SCM is responsible for ensuring a sound, sustainable and accountable supply chain that promotes black economic empowerment and local economic development, and encourages small businesses and joint venture partnerships. The procurement system is fair, equitable, transparent, competitive and cost effective, in accordance with the Constitution of South Africa. The Objectives of Supply Chain Management (SCM) are to:

- give effect to the provisions of the Constitution, 1996;
- give effect to the provisions of the MFMA, 2003;
- transform outdated procurement and provisioning practises into an integrated SCM function;



- ensure that SCM forms an integral part of the financial management system of the municipality / municipal entity;
- make significant improvement to financial management in the broader public sector;
- introduce a system for the appointment of consultants;
- create a common understanding and interpretation of government's preferential procurement policy objectives;
- promote consistency in respect of supply chain management policy and other related policy initiatives in Government;
- align with global trends and ensure that South Africa adheres to international best practices.

Municipality has appointed members of the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee in accordance with the Supply Chain Management Regulations. The Bid Adjudication Committee is chaired by the Chief Financial Officer. The Bid Evaluation Committee is chaired by the Finance Manager and the Bid Specification Committee is chaired by the Supply Chain Management Officer.

## **2.12 THE MUNICIPAL BY-LAWS**

The by-laws of Richmond Municipality provide a step by step process for the formulation of new by-laws or amendment of existing by-laws. Draft or reviewed by-laws are considered by the relevant decision-making structures once these have met the requirements.

A draft version of the by-law is submitted to the Portfolio Committees for discussion and referred for public participation. These are presented to the public via the Ward Committees, which provide a forum for written, oral and/or electronic feedback. Once this is complete, they return to the portfolio committee for further refinement, and are then sent on to Council's Executive Committee (Exco) for debate and possible amendment. After they have been considered by Exco, it is necessary to ascertain whether they comply with the constitutional requirement for the publication of by-laws for public comment. Once this is established, they are recommended to Council for approval.

Copies of Municipal by-laws are available to the members of the public and other stakeholders on request.

## **2.13 WEBSITES AND INFORMATION TECHNOLOGY**

Richmond Municipality has a website with a web address [www.richmond.gov.za](http://www.richmond.gov.za). It is a requirement of the Municipality Finance Management Act that each municipality establishes its own website where crucial information will be publicized to be accessed by different stakeholders for their different needs. Information published on the website include but not limited to the following: Annual Reports, Budgets, Service Deliver and Budget Implementation Plans, Municipal Services, MFMA Reports, Policies, Advertised

# Annual Report

Tenders, Employment Opportunities, Integrated Development Plans and any other information as prescribed by different local government legislations. Richmond Municipality remains committed to technological advancement and to introducing a number of online facilities to enable citizens to transact with it electronically. Construction will start with the upgrading of the Municipality communication network and infrastructure early in 2013/2014, which will improve information security. The Municipal Systems Improvement Grant has been totally allocated for this project. This will help to further enhance service levels even further.

## 2.14 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Since 2012 the community has seen a lot of change when it comes to Municipal service delivery and Izimbizo for the community. All of the development that took place in Richmond was in line with the inputs and contributions from the community. The communication department always make sure that the community is aware and participate in the affairs of the municipality in line with the provisions of the Constitution of the South Africa. The municipality has put up suggestions boxes in all wards where members of the public can voice their satisfaction regarding the service of the Municipality. The suggestion boxes are cleared on a regular basis and complains referred to the relevant departments. It is the policy of the municipality to respond to issues within reasonable time.

## 2.15 SERVICE DELIVERY PROTESTS

On the 03 June 2013 the Municipality had a service delivery protest where the marchers delivered a memorandum to the Mayor. Most of the things raised in the memorandum were not the function of the municipality and some matters were allegations which had no basis. The municipality is committed to fighting any form of fraud and corruption and should any information suggesting that there is fraud and corruption, such matter must be brought to the attention of the municipality. Alternatively people with such information can approach the Offices of CoGTA and Provincial Treasury for investigation. The memorandum was responded to. On the eve of the marching day there were reports and burning of tyres on the road and in the morning of the 3 June 2013 people were prevented from going to work and schools were closed.

Municipality conducted on the satisfaction of community with regards to municipal services. The results were as follows:

Satisfaction Surveys Undertaken during 2012/11 and 2013/07				
Subject matter of survey	Survey method	Survey date	No of people included in survey	Survey results indicating average, excellent or poor (%)*

# Annual Report

Overall satisfaction with:				
(a) Municipality	written form	12-Nov - 2012	40	Good 71%
(b) Municipal Service Delivery	written form	13-Nov-2012	40	Good 61%
(c) Mayor	written form	13-Nov-2012	40	Average 50%
Satisfaction with:				
(a) Refuse Collection	written form	17-Nov-2012	40	Good 81%
(b) Road Maintenance	written form	17-Nov-2012	40	Average 52%
(c) Electricity Supply	written form	17-Nov-2012	40	Excellent 93%
(d) Water Supply	written form	17-Nov-2012	40	Poor 10%
(e) Sanitation	written form	17-Nov-2012	40	Good 65%
(f) Information supplied by municipality to the public	written form	17-Nov-2012	40	Excellent 90%
(g) Opportunities for consultation on municipal affairs	written form	17-Nov-2012	40	Average 50%

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### COMPONENT A: BASIC SERVICES

#### 3.1 WATER SERVICES

Water is provided by uMgungundlovu District Municipality as a water service authority (WSA) in the Richmond area of jurisdiction. Almost 70% - 80% of areas within Richmond Municipality have access to clean water.

- **Ward 1** – Town area has piped water with house connections, uMzinolovu and Bhongoza have Jojo tanks which were installed in 2011 in all strategic areas and water is delivered through trucks, the District also pays for the Electricity usage of the community water pump in uMzinolovu area. Harare area has stand pipes and water supply is continuous.
- **Ward 2** – 100% of water supply in the area through the stand pipes and some areas have house connections already.
- **Ward 3** – Hopewell has access to clean water through the stand pipes, Zwelethu will use Jojo tanks until the Greater Eston Bulk Pipeline project is complete, Thornville and Baynesfield still use Jojo tanks and water is supplied through trucks.

# Annual Report

- **Ward 4** – Hopewell has access to clean water through stand pipes, and Farm areas are supplied through trucks and there are Jojo tanks in these areas.
- **Ward 5** – The MEC for CoGTA and the Mayor of the District commissioned a water scheme in November 2012 to supply the entire area with water through stand pipes. There are challenges in some areas in particular high areas due to low water pressure and these challenges are dealt with on a regular basis. Where there problems trucks supply water in the area.
- **Ward 6** – All other areas in this ward receive supply of water through the stand pipes with the exception of Qoyintaba and Mgxobeleni, Lynwood, Rositenstein and Mkomaas and Farm areas who still receive water through supply by trucks.
- **Ward 7** – 100% of the area receives supply of water through stand pipes and some areas already have house connections.

Almost three Wards have 100% access to clean water and other four wards have 80% access to basic water supply and this will improve in the coming financial year since the District has included these areas in its IDP for 2013/2014. There is a Bulk Water Pipeline Project which is intended to improve water supply in the area. This project is implemented by both UMngeni Water Board and uMgungundlovu District Municipality. Water projects coming to Richmond in 2013/2014 include Phatheni Water Scheme, Gengeshe Water Scheme and Zwelethu Water Project.



# Annual Report

Water purification plant commissioned by the MEC for CoGTA in November 2012 in Ward 5 Nhlazuka - Embuthweni Water Supply Phase 1.



## 3.2 WASTE WATER (SANITATION SERVICES)

Like water provision, this service is provided by uMgungundlovu District Municipality in the Richmond area of jurisdiction. **Sanitation Projects** have been delivered in the following Wards and areas:

- **Ward 1** – This ward has achieved about 70% delivery in respect of Sanitation, the only area that has not yet been covered is Mzinolovu. Plans are underway to deliver services in this area of the ward. The project is in the planning stage;
- **Ward 2** - Cuba area, Slahla area, and Sgcakini area; We believe that this Ward has achieved 100%, if there are areas that have not received toilets, it will be newly built areas which will be covered with the in-fills projects.
- **Ward 3** – Zwelethu Low-cost Houses and Hopewell; This Ward has achieved about 80%, the areas outstanding including Thorvnille and Bynesfield. Plans are underway to also deliver in these areas.

# Annual Report

- **Ward 4 – Hopewell;** Argosy Farm has been covered, this Ward has achieved above 50%, there is a project that is worth R12 million to cover the whole area. The project started in 2012 and is due to be completed in 2013/2014 if no challenges are encountered.



- **Ward 5 – Nhlazuka** area has achieved about 70% delivery, plans are underway to cover the whole area;
- **Ward 6 – Gengeshe, Phatheni and Smozomeni,** this ward is also around 69% there is a backlog of 31% which will be covered in the projects coming in the coming financial years; and
- **Ward 7 – Magoda, Ekupholeni and Maswazini,** this ward is almost 98% covered, backlog is due to newly built areas.

# Annual Report

The above report touches all the wards of Richmond Municipality. There are few sections within these wards which have not benefited from the toilet projects however these areas are currently on the IDP of uMgungundlovu District since sanitation is a project of the District in terms of the Municipal Structures Act and will be rolled out as soon as funding has been sourced.

## 3.3 ELECTRICITY SERVICES

**Electricity Supply** – Almost 60% - 70% of areas with Richmond Municipality have access to Electricity.

- **Ward 1** – All areas with the exception of Mzinolovu area have access to electricity. Mzinolovu electrification project is in the pipeline, the project consultants have been appointed and have completed the design of the project. In May 2013, a tender for Electrification of this area and other areas was advertised and not suitable service tendered therefore it will be re-advertised before the end of June 2013.
- **Ward 2** – 100% of the area has access to electricity currently the contractors are doing connections to newly built houses.
- **Ward 3** – All areas with exception of Baynesfield Farm dwellers, parts of Thornville and Zwelethu have access to Electricity.
- **Ward 4** – All areas with exception of Farm Dwellers have access to electricity. Dungamanzi which is a farm in Ward 4 is part of the project that is on the pipeline for which designs have been completed and tender advertised. The adjudication and tender award will be finalized within 14 days should there be no appeals received.
- **Ward 5** – 90% of the area has access to electricity with the exception of very few farm dwellers who do not have access to electricity and these areas are included in the plans for electrification projects.
- **Ward 6** – All areas with the exception of Qoyintaba, parts of Gengeshe, Lynwood and Farm Dwellers have access to electricity. The areas which currently do not have electricity are in the plans for future financial years.
- **Ward 7** – 100% of the area is electrified. Exceptions are in respect o newly constructed houses.

Municipality depends on grants to electrify the areas which currently do not have access to electricity.

# Annual Report

## 3.4 WASTE MANAGEMENT, REFUSE COLLECTION, WASTE DISPOSAL AND STREET CLEANING SERVICES.

Refuse collection still has a huge backlog in Richmond Municipality. In order to improve level of service the Municipality has budgeted for a Skipper Truck for refuse as well as bins to the value of approximately R2,0 million. Refuse removal takes place in formalized areas like Byrne Village, Siyathuthuka Low-cost Houses, Richmond CBD and Residential area within the village. Street cleaning takes place in the CBD only. The Municipality currently has refuse truck which service the residential areas and businesses.

## 3.5 HOUSING.

Provision of housing is the function and responsibility of the Department of Human Settlement in the Province. The Department and the municipality have to agency agreement for facilitation of the housing provision function within the Municipality's area of jurisdiction. There are 6 projects which have already been approved in the area of Richmond. They are as follows:

PROJECT	LOCATION	PROJECT DESCRIPTION	STATUS
1. Siyathuthuka Phase 2 - 1000 Units	Greater Indaleni	In-situ upgrade	Planning stage
2. Zwelethu Trust - 120 units	Baynes field	Greenfield	Construction
3. Phatheni Housing - 700 units	Phatheni	Rural housing	Construction Complete
4. Inhlazuka/St Bernard - 460 units	Amandus/St Bernard	In-situ upgrade	Planning stage
5. Middle Income Housing - 43 Units	Richmond Village	Greenfield	Planning stage
6. Inhlazuka (Vumakwenza) - 1000	Nhlazuka	Rural Housing	Planning stage



# Annual Report

## Units

Other housing projects for planning applications have been submitted to the Provincial Department of Human Settlement for their approval. The projects include Bhongoza Slums Clearance project, Mzinolovu Housing Project, Genegeshe Housing Project and Masangazane Housing Project.



### **3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT - ADDING VALUE THROUGH FREE BASIC SERVICES**

Richmond Municipality continues to provide free basic services, such as refuse removal, Electricity and rates assistance, to its citizens. The allocation of these free basic services is determined by means of either the municipal value of the property, or on application by those with limited income whose property values exceed the set valuation levels.

The valuation method is preferred, as it helps to prevent the creation of a bloated and costly administration to deal with large number of applications that would likely be received if a purely application-based process were followed. Instead, the valuation system allows the municipality to provide assistance to those residents assumed to be in need. While it is likely that some households that receive the benefit may fall outside the qualifying criteria, this

approach is still the most practical for the municipality. A further benefit of the valuation-based approach is that it provides certainty in terms of budgets, and reduces the risk of fraud and the costs involved in preventing it.

The benefits vary based on the valuation of the properties at R50 000 or below, and the recipients are all households who stay in the low-cost houses and those that stay in Ingonyama Trust land.

Residents whose property values are too high for them automatically to qualify for the free services are also entitled to apply for these services, provided their gross monthly household income is R1 300 or less. The application process involves registering as indigent. Once approved, these households receive the same benefits as if their property values were below R50 000. To date, 456 residents have registered via this process. This relatively low number demonstrates that the valuation driven measures are effective in reaching the less-fortunate residents at whom they are targeted.

## **COMPONENT B: ROAD INFRASTRUCTURE AND STORMWATER DRAINS.**

### **3.7 ROADS INFRASTRUCTURE**

This unit consists of two operating sub-units, namely Roads and Stormwater units. Significant portion of the Municipality allocation of the Municipal Infrastructure Grant is used for the construction of road infrastructure in the area which were neglected in the past. These are mainly gravel roads in the built up area. The following roads projects were constructed during the year under review.

#### **3.7.1 Mkhobeni Access Road - Ward 7**

This project is complete and has since been handed over. The cost of the Project was R2.1 million.

# Annual Report



### 3.7.2 Smozomeni Phase 2 – Ward 6 Chencele

The project is complete and is awaiting hand over by the contractor and the project managers. Project costs amounted to R1.1 million excluding project consultants fees which are 14% of the construction costs.

Show below is an image of the above mentioned project.

# Annual Report



### **3.7.3 Smozomeni Phase 1– Ward 6 Ezakhiweni**

The project is complete, this project started later than the planned date due to delays resulting from the SCM appeals. The cost of this project is R.8 million excluding project management fees.

### **3.7.4 Malizayo/Nhlazuka Access Road – Ward 5**

This project commenced in June 2013 and the total cost of this project is approximately R9 million and it includes a low level bridge and access road.

### **3.7.5 Esigcakini Cuba Access Road – Wards 2 & 7**

This project is 95% complete. This project delayed due to re-advertising. Cost of project excluding project management fees are not expected to exceed R2.7 million. The appointed contractor is Seal Coat.

### **3.7.6 Silahlia Access Road – Ward 2**

The project commenced in June 2013 and the total cost of this project is R2,1 million. It will be completed in November 2013.

### **3.7.7 Harare Access Road Phase 2 – Ward 1**

# Annual Report

The project is almost 90% complete. The cost of this projects was R1,8 million and it will be handed over to the community in October 2013.

### **3.7.8 Hopewell Access Road – Ward 3 & 4**

This project is complete. The project costs amounted to R2.4 million excluding project management fees. The project was completed end of March 2013.



### **3.7.9 Maqhudeni Gravel Access Road – Ward 7**

This project should have started in November 2012 however due to Supply Chain Management appeals it was delayed. The project is 80% complete and due to delays it will be completed at the end of September 2013.

## **3.8 STORMWATER DRAINAGE AND SIDEWALKS**

### **3.8.1 Ndaleni Sidewalk - Ward 2 & 7**

The project is complete and it was delayed due to problems in the project. Expenditure for this project not expected to exceed R2.6 million.



## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.9 INTRODUCTION TO DEVELOPMENT AND PLANNING

Development and Planning function at the municipality includes Land Use Management, Spatial Development Planning, GIS, IDP and Building Control. The municipality is experiencing a lack of human resources to perform its legislative requirements for GIS, building control. Some of these functions (GIS) is performed on a basic level and are supported by Umgungundlovu District Municipality.

This unit is under Technical Services Department and is involved with the developmental duties of municipalities, as outlined in section 153 of the Constitution, including to 'give priority to the basic needs of the community, and to promote the social and economic development of the community' and 'participate in national and provincial development programmes'. The unit's strategic and operational service delivery objectives include the following:

#### 3.9.1 Strategic

- Dynamically lead in shaping the municipality's short- and longer-term growth and development in order to ensure improved quality of life;

- Mainstream the municipality's Economic Development Strategy, and ensure alignment with both internal and external plans and partners;
- Develop a 'green economic' policy and framework to ensure that the municipality optimises economic growth and job creation;
- Ensure that the municipality's unique economic and social asset – its natural environment – is protected, integrated and optimised within the urban landscape

### 3.9.2 Operational

- Deliver efficient and effective service to the developers and property owners of Richmond, reducing approval turnaround time for land use management applications and building development;
- Improve the municipality's building development and land use regulation functions, and drive coordinated and integrated environmental enforcement;
- Lead law reform planning processes by implementing and continuously reviewing the new Richmond Zoning Scheme and drafting the planning bylaw;
- Improve environmental compliance with relevant environmental legislation, using best-practice environmental technologies and processes; and
- Formulate the municipality's Integrated Development Plan (IDP).

The Integrated Development Plan (IDP) is regarded as the principle strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the Municipality. The approach to strategic planning that involves the entire District and its citizens is to find the best solution to achieve good long-term development. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area, and should consider the existing conditions and resources available for development. The Richmond Municipality is responsible for drafting the IDP Process Plan, which is aligned to the UMDM Framework Plan. The framework with the IDP/Budget process plan was approved by Council in August 2012. Quarterly public interaction was experienced at IDP engagements, e.g. izimbizos and representative forums.

The 3<sup>rd</sup> Generation IDP was developed for the 2012/2016 financial year with inputs from all stakeholders which link to the District Municipality IDP. The IDP was approved on 31 May 2012. The Integrated Development Plan for the financial year under review, mainly focus on Human Development, Economic Development, Basic Service Delivery, Environmental Management & Spatial Planning and Institutional & Financial Management, but the financial capacity to address the focus areas was challenged by financial constraints. A Spatial Development Framework (SDF) is a core component of a Municipality's economic, sectoral, spatial, social, institutional and environmental planning. The SDF forms a sectoral plan of

the IDP for Richmond Municipality for the next 5 year vision. In other words, it is a tool to achieve the desired spatial form of the Municipality. It was one of the goals of the municipality to finalise the revision of the SDF, as it is the first revision of the document since the approval in 2008.

### **3.9.3 Staff:**

1. Manager Development and Planning 1 post (Filled)
2. Town Planner 1 post (vacant) no budget
3. Building Inspector 1 post (vacant)
4. Planning admin 1 post (vacant) no budget

### **3.10 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)**

Richmond Municipality must act as a leader in social and economic development. In that regard, the municipality has undertaken, in line with good practice nationally, to complete a Local Economic Development Strategy (LEDS). The LEDS is intended to act as a strategic document that informs the municipality's development plans and actions at a strategic and policy level. It is to act as a medium- to long-term plan that identifies economic strengths, weaknesses and opportunities. The final draft of the LEDS was completed in the second first of 2012/2013 after the municipality had completed a study on the economy of Richmond to inform this strategy. An additional development saw the municipality's LEDS process combine with the uMgungundlovu District Economic Strategy as well as the Provincial Growth Development Strategy processes, to create a common directive of the IDP and other documentation, as well as to fit into other processes of seeking to create the greatest amount of opportunities possible for the people of Richmond.

#### **3.10.1 Improving access to economic opportunities**

The municipality is committed to planning for employment and supporting economic growth by responding appropriately to the spatial needs and requirements of the economic sectors that are attracted to, and function within, Richmond. As part of this commitment, land use policies, mechanisms and economic incentives are continually introduced to promote shared, inclusive economic growth. In an effort to correct spatial imbalances, Richmond Municipality supports employment-generating development in locations that are accessible to all areas – particularly those that have been historically disenfranchised. The municipality is also working to harness public investment as well as interventions to generate job creation and development opportunities in these areas.

#### **3.10.2 Working to reduce unemployment**

RLM continues to participate actively in the national EPWP, and created 267 jobs as part of this programme during the year under review. Measures are continuously being introduced



to create a greater focus on labour intensive methodologies, and identifying major projects for EPWP implementation.

### **3.10.3 Enabling entrepreneurship**

Richmond Municipality has embarked on a short-term strategy known as RSDI (Richmond Special Development Initiative) to create an enterprise development and employment support 'ecosystem'. The strategy draws on the successes achieved by Department of Economic Development and Tourism through different strategic initiatives. It seeks to ensure that all organisations and groups in Richmond that can contribute to vibrant and dynamic entrepreneurial growth have access to the shared information and tools required to do so. It also aims to promote a spirit of cooperation in order to encourage development that benefits all.

Through the RSDI initiative, over 100 enterprises and cooperatives are now registered with SEDA. RSDI can be accessed through the website address "[www.rsdi.gov.za](http://www.rsdi.gov.za)". This has also contributed to the simplification of the initiative, facilitating understanding for citizens, entrepreneurs and small businesses by providing a single point of contact for information and access to development programmes and support institutions.

### **3.10.4 Supporting the informal economy**

Economic opportunity in any particular location is closely related to the physical state of available space and infrastructure. In order to support Richmond's significant informal economy, the municipality has built a Retail Market facility with 24 units to facilitate productive open spaces for the benefit of emerging entrepreneurs. These also seek to maximise the use of public infrastructure for the purpose of sustainable economic production. Through this infrastructure, trading bays and/or markets have been made available to informal traders; emerging entrepreneurs now have access to affordable trading premises, and a substantial number of permanent and temporary job opportunities have been created. Furthermore, in partnership with non-governmental organisations (NGOs), training, technical support and income-generating opportunities have been created.



Richmond Retail Market Facility situated in Shepstone Street.

## **COMPONENT D: COMMUNITY AND SOCIAL SERVICES**

### **3.11 LIBRARIES**

Richmond Municipality has a total of 3 libraries, in Ward 5 at the Thusong Centre, Ward 3&4 in Hopewell that service both these wards and in Ward 1, this service wards 1, 2, 6 and 7. The library in Ward 1 has cyber cadete system. The provincial library is in close proximity about 38 kilometres.

The Library Services also help schools with materials that they do not have. Learners are given guidance in terms of how to use the Library. Moreover, the Library Services assist Schools with readership programs and also coordinate and conduct user education when Schools visit the Library. The Library Services also provide services that has to do with photocopying and printing.

The constant circulation of materials in the Richmond area enables the libraries to provide the public with new reading material on a regular basis.

## 3.11.1 Special Requests



An opportunity for readers to select materials, that are not available at our libraries, from the Regional Library.

Richmond Public library renders the following services:

- Issuing and returning of books;
- Magazines as well as CD's and DVD's;
- Free access to public computers;
- Printing and photocopying;
- Past examination question papers for matric learners;
- Use of activity room for group discussions or any other educational activities;
- Special requests;
- Tertiary institutions textbooks;
- Periodicals

## 3.11.2 Library Programs

**User Education** This program was introduced in 2006 with the intention of teaching learners about the library and its functions. Schools are invited to the library for user education programs and any other educational activities. This program allows learners to understand the importance of the library and its functions.

**School's program** The Library also aims to assist schools with audio visual materials which most schools do not have. We visit schools to find out what material they are in need of that will benefit the learners. With the assistance from the Provincial Library Services and our Midland Depot we are able to assist where we can.

# Annual Report

**Public Computers** With the assistance of the Provincial Library Services we were able to purchase five computers for public use in 2006. These computers have special programs designed to assist learners and students with their assignments and research. They also have programs which can equip anyone who is willing to learn basic computer skills. Users are also allowed to do printing at one rand per page.

**Membership (Visitors)** Towards the end of 2006, the Provincial Library Services proposed that all affiliated libraries should start issuing visitors card to those people who often come to the library, but who are not members of the library. This is done for statistical purposes. In the next book exchange, libraries will receive membership forms for visitors and their special cards. The statistics of the visitors will be included in the monthly statistics which is submitted to the Provincial Library Services.

**Read and Grow Competition** In September 2006, the Richmond Library was identified as one of the libraries that would run the reading competition called "Read and Grow". The main aim of the competition was to encourage learners to read. Every month, from October 2006, we had a lucky draw where learners won different prizes. The competition came to an end in May 2007. The competition was successful in that learners were more interested in reading than before.

The Inhlazuka branch library will be operating at Inhlazuka MPCC. This will allow people from Inhlazuka to have easy access to the library. The library will focus mainly on reference materials. Fiction and non-fiction material will also be available. The library will also render photocopying service. The Provincial Library Services will provide furniture and books for the library. A Special request will be made to the main library and to Midlands Depot if there is a need.

### **3.11.3 TERTIARY INSTITUTIONS TEXTBOOKS**

Tertiary institutions textbooks are now available in our library. Some of the subjects available include law, entrepreneurship, marketing, human resource, sports, financial accounting, management, public relations, and many more. This initiative is supported by the Provincial Library Services. All students who are studying in universities and technikons can use our services.

### **3.11.4 RENEWAL OF BOOKS**

Those users, who are unable to come to the library to renew their books, are encouraged to renew their books telephonically during working hours.

### **3.12 COMMUNITY FACILITIES**

Community facilities consist of municipal halls and sportsfield. There are about 11 halls owned and controlled by the municipality in all seven Wards. There are 3 halls in Ward 1,

# Annual Report

Memorial Hall, Agricultural Hall and UMzinolovu Hall, in Ward 2 there is Slahla Hall and Siyathuthuka Hall, in Ward 4 there is Argosy Hall shared between Wards 3 and 4 and the Municipality has budget to construct a Hall in Ward 3. Ward 5 there is Nkumane Hall and Thusong Centre and another hall in Malizayo which is currently under construction. In Ward 6 there is Smozomeni Hall and Phatheni Hall and Gengeshe Hall and in Ward 7 there is Magoda Hall. Sportsfields are in Ward 1, Ward 2, Ward 3, Ward 5, and Ward 6.



Mpofana sportsfield in Ward 5 which has just been completed at the cost of R3.6 million.

### **3.13 CEMETORIES AND CREMATORIUMS**

There is one municipal cemetery in Ward 1 and communal cemeteries in all wards which are not controlled by the Municipality. The District has budgeted for the extension of cemetery in Richmond in 2013/2014 financial year.

### **3.14 HEALTH, HIV/AIDS AND OTHER SOCIAL PROGRAMMES**

Health services are provided by the Provincial Government. The following health facilities are found in the Municipal area.

- Richmond Chest Hospital
- Provincial clinics in Richmond, Ndahleni and Mbuthisweni
- Private Clinic in Nkumane

- Six mobile clinic ports

### 3.14.1 Impact of HIV/Aids.

Between the years 2000 and 2012 many South Africans have died from HIV/Aids related diseases. The number of deaths from HIV and AIDS is considerable higher than from any other single cause of death and will probable double the number of deaths from all other causes combined. It has been found that the uMgungundlovu District accounts for 23% of the KwaZulu Natal HIV and AIDS cases. Richmond Municipality has the highest number of HIV positive people in the District compared to other Municipalities. The likely effects of HIV/AIDS in our community are as follows;

- Poor households are more vulnerable and the epidemic is likely to deepen poverty and compromise upward mobility.
- There is increased demand for health facilities
- A great demand for financial support for orphans, child-headed households and households run by grandparents.

The likely effect of HIV/AIDS on the economy systems are as follows;

- There is a shift from savings to current expenditure, limiting fixed investment and economic growth.
- The possibility of technological deepening of the economy as a result of high absenteeism rates.
- Increased spending on pharmaceuticals and funerals.

### 3.14.2 Operation Sukuma Sakhe

To deal with the HIV and AIDS epidemic, poverty and so forth, Richmond Municipality has been working very well with the programme introduced by the Office of the Premier in the Province, namely, Sukuma Sakhe. The objectives of Operation Sukuma Sakhe are as follows;

- To reduce poverty by half in 2014.
- To create healthy and sustainable communities.
- To deal with HIV/ AIDS and TB issues.
- To provide food security, that is , one home one garden.

The Implementers of the programmes are Community Volunteers, community health workers, HCBC Givers, Matsupatsela and other cadres trained to conduct households profiling in 7 wards in the Municipality and thereafter Sector Departments do intervention.

### **3.14.3 Cholera and other related disease**

The occurrence of the said diseases is a direct result of the absence of potable water as well as the lack of proper sanitation in the rural areas of the Municipality. This results in the contamination of natural water resources. This may lead to outbreaks of disaster proportions and is specifically characteristics of the rural areas. These diseases are life threatening and require constant monitoring.

## **COMPONENT E: SECURITY AND SAFETY**

### **3.15 TRAFFIC POLICE**

Richmond Municipality has a number of programmes aimed at promoting compliance with Road Safety Act.

Hereunder are some of the programmes;

- Road Safety Awareness Campaign targeting schools.
- Road Blocks, especially, during the festive season and Easter Holidays. These programmes are aimed at dealing with drunk and driving, overload, vehicles fitness and so on.

#### **3.15.1 Community Policing Forum**

Richmond Municipality has functional Community Forum. The Forum meets once a month. The main aim of the Forum is to address crime in the areas of Municipality.

Stakeholders who part of the forum are;

- South African Police Services
- Municipal Traffic Police
- Councillors
- Non Governmental Organisations
- Ward Committee members

### **3.16 DISASTER MANAGEMENT AND ANIMAL CONTROL**

Disaster management is the function of UMgungundlovu District Municipality, Richmond Municipality's role is to provide the District with reports relating to disaster occurrences and also provide support in a small scale.

Animal control is done by the municipality security personnel with the assistance of SPCA. The Municipality has a service level agreement with SPCA for providing storage for impounded animals.

## COMPONENT F: SPORTS AND RECREATION.

### 3.17 SPORTS AND RECREATION

The geographic spread of sport facilities within the Richmond Municipality indicates that the majority of areas have access to the sport facilities. Sport fields are found at Hopewell, Argosy Farm, Ndalen, KwaGengeshe, Mzinolovu, Phatheni, Richmond Village and Nhlazuka.

On top of the above, Richmond Municipality has been involved in a number of cultural and sporting activities. The most critical event which the Municipality has participated since 1998 is SALGA Games. These games aspire to promote sound inter-Municipalities relationship and social cohesion between the Municipalities by using sport as a vehicle to forge sustainable partnership and further strengthen existing relations.

In addition to SALGA Games, the municipality has a number of programmes of Sport, Art and Culture. Hereunder are some of the programmes;

- Mayoral Cup;
- Promotion of School Play in Primary and High School;
- Programmes aimed at developing potential of physical challenged people. For example, Richmond Riders and runners, Seven Wheel Chair Race; and
- Facilitation of Annual Reed Dance.

## COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.18 EXECUTIVE AND COUNCIL

Municipalities in South Africa are governed by Municipal Councils. Richmond Municipal Council is therefore the governing body of the Richmond Local Municipality (RLM) and the custodian of its powers, duties and functions, both legislative and administrative. Essentially, the Council performs a legislative and executive role. The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) defines the role of the Council as being:

- a) (making) decisions concerning the exercise of all the powers and the performance of all the functions of the municipality;
- b) (electing) its chairperson;
- c) (electing) an executive committee and other committees, subject to national legislation;
- d) (employing) personnel that are necessary for the effective performance of its functions



# Annual Report

Richmond Municipal Council is constituted by 14 elected Councillors; 7 Councillors are ward representatives and 7 represent their political parties on a proportional basis. The parties in Council are illustrated in Table below.

Political Party	No. of Seats	No. of Wards	PR Seats
African National Congress	11	6	5
Independent	1	1	0
United Democratic Movement	1	0	1
Democratic Alliance	1	0	1
National Freedom Party	0	0	0
Inkatha Freedom Party	0	0	0
<b>Totals</b>	<b>14</b>	<b>7</b>	<b>7</b>

## 3.18.1 Executive System of Governance

Richmond Municipality use a collective executive system. In this system, the municipal council elects an executive committee, and then delegates executive responsibilities to the executive committee. The executive committee take decisions on matters that fall within its delegated powers. The establishment of a separate executive structure enables a small group of councillors (those who sit on the executive committee) to deal with the day-to-day business of running the municipality. In a collective executive system, the municipal council must elect one member of the executive committee as the chairperson of that committee. The chairperson of the executive committee is the Mayor.

The Executive Committee of Richmond Municipality comprises three members as shown below:



### 3.18.2 Chairperson/Speaker of Council

Richmond Municipality has a Speaker of Council who is the Chairperson elected in terms of section 36 of the Municipal Structures Act, Act No. 117 of 1998 as envisaged in section 160 of the Constitution of the Republic of South Africa.

*(Insert the Speakers Photo) Cllr. T Shabalala*

The speaker's role in a municipality is key to ensuring oversight, accountability, integrity, discipline of office, and the efficient running of council meetings. As such, impartiality in the exercise of his or her function is essential for the speaker. The speaker must distinguish between his or her activities as a politician and his or her functions as a speaker. It also means that the function of the speaker and the non-partisan exercise of that function must be respected by members, parties and interests represented in the council.

The key principles underlying the role of the Speaker are:

- (a) chair of council meetings;
- (b) implementation of the Code of Conduct; and
- (c) exercise of delegated functions including -
  - i. facilitating public participation in legislative matters;
  - ii. establishment and functioning of ward committees; and

# Annual Report

- iii. support to councillors.

The speaker is the guardian of the integrity of the council and the guardian of members' privileges and interests as council members. The privileges and interests of councillors include freedom of speech and immunity in the council as well as the use of council facilities, receipt of allowances, training and support, etc. Importantly, this role, combined with the speaker's role in terms of the Code of Conduct (Schedule 1 to the Systems Act), requires the speaker to guard against the abuse of councillors' privileges and interests.

### 3.18.3 Portfolio Committees

Richmond Municipality has four other committees which support the effective functioning of the Executive Committee. The table below shows the four different committees and their chairpersons:

Name of the Portfolio Committee	Chairperson/Responsible Councillor
Planning, Infrastructure and Economic Development	Mayor – Cllr. A. Ragavaloo
Human Resources, and Information Technology.	Cllr. D. Kunene
Community Development and Social Services	Deputy Mayor - Cllr. P. Ngcobo
Municipal Public Accounts Committee – Standing Committee on Municipal Accounts	Cllr. J. Jili

### 3.19 FINANCIAL SERVICES

The Finance Department is responsible for the following functions:

- Income
- Consolidated Billing
- Rates
- Sundry Debtors
- Cashiers
- Financial System Management and Control (ABAKUS)
- Expenditure Monitoring (Capital and operational)
- Payroll Management (VIP)
- Creditors
- Budget and Financial Management
- Budget Compilation and Budgetary Control
- Preparation and Distribution of Management Accounts

# Annual Report

- Investments Management and Control
- Costing
- Annual Financial Statements
- Supply Chain Management

## 3.19.1 Overview

The Finance Department provides financial support and guidance to all other directorates within Richmond Municipality on financial matters.

The Finance department is broken down into the following components in order to fulfil its obligations to its internal structures and communities.

- Budget and Treasury Office
- Expenditure Section
- Billing Section
- Supply Chain Management Unit

## 3.19.2 Budget & Treasury Office

- Manage all accounting activities
- Manage the budget
- Manage the annual financial statements
- Financial management
- Preparation of the annual budgets
- Preparation of annual financial statements
- Budget monitoring and reporting.
- Implementation of the MFMA
- Financial accounting
- Revenue management
- Expenditure management
- Policies and By Laws
- Tariffs charges, levies and rates
- Reporting

## 3.19.3 Expenditure Section

Responsible for payment of creditors, salaries wages and allowances, asset register maintenance and grant income and expenditure as well as the insurance of all assets.

## 3.19.4 Billing

Responsible for the raising of property rates, refuse and monthly billing. The control of free basic services also forms part of this portfolio. The management and maintenance of the valuation roll is a critical part of this section in order to ensure that all properties are levied for rates.

Responsible for credit control and debt collection which includes the collection of all outstanding monies owed to council and legal action taken against debtors.

Regular reporting with regard to outstanding debtors, age analysis, write-offs and indigents.

### **3.19.5 Supply chain management unit**

Responsible for the procurement of goods and services in terms of the Municipal Finance Management Act, (No 56 of 2003) which includes the Supply Chain Management Policy and Regulations. Regular meetings of all Bid Committees are managed by this unit. The maintenance of supplier's database and compliance with all relevant legislation forms an integral part of this unit.

## **3.20 HUMAN RESOURCES**

### **3.20.1 Department Overview**

To provide Administrative and Human Resource support to departments aimed at improving service delivery and ensuring compliance with prescriptions. To ensure that the strategic objectives of the municipality are achieved whilst complying with all legal provisions.

### **3.20.2 Description of activity**

To create an enriching working environment where the optimum of employee capabilities is received as an output so as to ensure and improve upon the delivery of services to the community in a sustainable fashion  
To promote sound governance and provide administrative support and ensure that the applicable legislative mandate is adhered to in terms of sound labour practice  
Creation of a reliable system of communication (internal and external), record keeping (hard copy and electronic).  
Implementation of the Performance Management Framework, inclusive of the signature of performance agreements, ensuring the guidelines to measuring performance are adhered to and further ensuring the participation of the local community in measuring the performance of the municipality as an institution  
Facilitate the development of Ward Committees and render support to ensure that their objectives are realized.

### **3.20.3 Administration and Human Resource**

Of vital importance to any organization is the administrative and human resource functions performed by a department. One of the key issues of the department is to align the organogram (staff structure) of the Richmond Municipality to meet the objectives of its Integrated Development Plan, thereby ensuring alignment to the Budget and Performance Management System.

# Annual Report

The respective department covers a wide array of functions, from managing employee leave, reviewing policies and procedures applicable to human resources, being the face of the municipality (reception area), maintaining Councils' records, ensure the development of employee skills, support of Council structures and secretariat to Council, compliance with employment and arranging various functions.

## **3.20.4 Strategic Objectives in line with Key Performance Area D - Institutional Transformation**

### **3.20.4.1 Public Relations and Marketing**

- Formulation of a Municipal Communications Plan to ensure that public is well informed of municipal development;
- Formulation of internal communication to ensure a structured system is available to increase output.

### **3.20.5 Organisational Structure**

- Alignment of current organization structure to the Integrated Development Plan to meet its objectives and also alignment with government's policies on transformation.

### **3.20.6 Skills Development**

- Undertake workplace skills audit and work towards capacitating staff to enable them to implement the IDP and establish and maintain the speedy delivery of services.

## **3.21 INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES**

Upgrade of IT System when necessary and establish an IT plan to be e-governance compliant.

## **3.22 AUDIT COMMITTEE REPORT**

### **AUDIT AND PERFORMANCE COMMITTEES REPORT TO COUNCIL**

The Audit Committee of the Municipality has pleasure in submitting its report to the Council of Richmond Municipality. This report is submitted in terms of the provisions of the Municipal Finance Management Act of 2003 ("the MFMA") and covers the financial period from 1 July 2012 to 31 August 2013.

Our report which is attached records the outcome of our work and gives possible recommendations as preventative or corrective measures to the weaknesses identified by the committee.

# Annual Report

The recommendations or advice in this report have been made based on certain information at a point in time and are subject to change after due consideration of new information received as well as subsequent deliberation with the municipality.

Yours sincerely

Dumezweni D Mncwabe

*for Audit & Performance Committees*

## MEMBERS

The composition of the Audit and Performance Committee during the year under review ended 30 June 2013 was made up by the following members who were duly appointed by the Council:

Mr.DD Mncwabe – Chairperson

Mrs. S Keshav - Member

The third member Mrs S Rajah failed to attend 3 consecutive meetings as a result of which she was then removed as member of this committee as per the Audit Charter. An additional member was not appointed as at the end of the financial year 30 June 2013. The Department of Co-operative Governance, MPAC Chairperson and Traditional Affairs as well as the office of the Auditor General are usually represented at our meetings by invitation.

## OVERVIEW OF ACTIVITIES

The Committee held five meetings during the period under review on the following dates:

1. 27 August 2012
2. 29 August 2012
3. 19 February 2013
4. 7 May 2013
5. 17 May 2013

In terms of S166 (4) of the MFMA, the Committee must meet at least four times a year and therefore the Committee has complied with the requirements as per the MFMA.

## AUDIT AND PERFORMANCE CHARTER

# Annual Report

Audit and Performance Committees' work was guided and regulated by an Audit Committee Charter, which was adopted by both these committees and ratified by Council.

## INTERNAL AUDIT CHARTER

The Internal Audit Charter as adopted by both the Audit and Performance Committees regulates the work of the Internal Audit Activities.

## INTERNAL CONTROL AND INTERNAL AUDITS

In terms of S165(1) each Municipality is required to have an internal audit unit, S165(3) allows the Municipality to outsource the internal audit function if the Municipality requires assistance to develop its internal audit capacity. The internal audit services were outsourced during the year 2012/2013 as a result of capacity and financial constraints. The internal auditors presented annual coverage plan which was approved by the Committee on the meeting held on the 27 August 2012.

During the period under review internal audit reports were presented to the Committee and discussed with management. Issues that came up were resolved however the Council was not able to resolve all the Information Technology related issues during the year under review due to financial constrain. This was discussed with the management and also a meeting was held with the Mayor and the office of the Auditor-General around this issue. Management has put a financial plan over a period of years to attend to this matter and substantial progress has been made thus far.

## RISK ASSESSMENT

The Council did not established a Risk Committee during the period under review, the management is looking into this matter and will take it up with the Council to get it resolved.

## ACCOUNTING POLICIES

Our discussion with management and reports received revealed that the accounting policies are all in place and are reviewed yearly.

## FINANCIAL REPORTING

There has been an improvement in the use of the accounting system which assisted in producing adequate, credible and accurate financial reporting. The Municipal Finance Management Act, Section 71 reports were all submitted timeously to Treasury during the financial year.

## PERFORMANCE MANAGEMENT



# Annual Report

We have reviewed the reports of Internal Audit and also held discussions with management, the areas observed by the Auditor-General in the prior year's report have all been resolved. It should be noted that there has been a tremendous improvement in this area and on the performance report. The recent appointment of the performance officer by the Council added much needed value on this aspect.

## **PERFORMANCE EVALUATIONS**

The Council did not conduct its annual performance assessment for year 2012/2013 before the end of the financial year, this has been communicated with the Accounting Officer and he indicated that this has been scheduled for the 30<sup>th</sup> August 2013. The Accounting Officer has been battling to get a Mayor from another Council within the District to sit on the evaluation process. No performance bonuses were paid by the Council during the period under review.

## **REVIEW OF ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT**

The annual financial statements were reviewed in a meeting held on the 24<sup>th</sup> of August 2013, with the help of the Internal Auditors. The office of the Auditor General was also present at this meeting. A few concerns were raised by the Internal Auditors, the Committee, office of the Auditor General. These concerns mainly related to some disclosures thereof and qualitative concerns and assertions affecting each balance. There were no material adjustments that were needed to be made.

A subsequent meeting was held on 29<sup>th</sup> of August 2013, where management presented a report on how the concerns raised had been addressed, the revised financials were then presented and were approved. The Annual Report was also reviewed with the assistance of Internal Audit, and was approved with changes as discussed in the same meeting.

## **FRUITLESS AND WASTEFULL EXPENDITURE, IRREGULAR EXPENDITURE AND IRREGULAR**

No fruitless and wasteful expenditure, Irregular expenditure and Unauthorised Expenditure have been brought to the attention of the Committee to date of this report.

## **CONCLUSION:**

The Committees wishes to express its sincere gratitude to the Council and all those involved in the improvement of systems at the Municipality, in particular in kind assistance provided by the Provincial Department of Co-Operative Government Traditional Affairs, Treasury and to the Municipal Manager and Senior Management for their support during our term of office.

# Annual Report

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEES TOTALS, TURNOVVER AND VACANCIES

DEPARTMENT	POSTS	PMNT	CNTRCT	INTERNS	VACANCIES AS AT 30 JUNE 2013	VACANCY PERCENTAGE
Municipal Manager	4	2	2	0	0	0%
Corporate Services	23	20	1	2	0	0%
Finance	15	9	1	5	0	0%
Community Services	48	41	7	0	1	2.08%
Technical Services	51	50	1	0	3	5.88%
	<b>141</b>	<b>122</b>	<b>12</b>	<b>7</b>	<b>4</b>	<b>2.80%</b>

#### 4.2 INJURIES, SICKNESS AND SUSPENSIONS

The table below depicts information relating to sick leave days take in the Municipality throughout the financial year.

DEPARTMENT	POSTS	ANNUAL WORK DAYS	TOTAL WORK DAYS	TOTAL SICK DAYS	SICK DAY %
Municipal Manager	4	248	992	11	0.11%
Corporate Services	23	248	5704	240	4.21%
Finance	15	248	3720	66	1.77%
Community Services	48	248	11904	407	3.42%
Technical Services	51	248	12648	342	2.70%
	<b>141</b>	<b>248</b>	<b>34968</b>	<b>1066</b>	<b>3.05%</b>

# Annual Report

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.3 POLICIES

The Municipality believes it has approved about 80% of the policies required in terms of different pieces of legislation applicable in a Local Government environment.

### 4.4 PERFORMANCE REWARDS

The Municipality has a performance management policy which is linked to performance incentives. In the year under review there no performance rewards.

## COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE

### 4.5 SKILLS DEVELOPMENT AND TRAINING

The Municipality developed a Workplace Skills Plan for the financial year under review. Budget that was allocated for this purpose during the financial was very limited, however the following training was afforded to staff and Councillors.

- IC Symposium by SIGMA IT;
- Human Resources Behavioral Competencies (PALAMA);
- Job Description Writing (SALGA)
- Fleet Management Skills;
- Firearm Training (The Gun Shoppe);
- Bid Specification Training (PALAMA);
- Municipal Finance Management Programme (DBSA);
- Registry Training (KZN Provincial Archives); and
- Arbitration Training (SALGA).

## COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

# Annual Report

## EMPLOYEE RELATED COSTS

2013

2012

### Employee Related Costs - Salaries and Wages

	17 278 389	14 796 444
Basic Salaries and Wages	15 528 090	13 371 316
Long Service Bonuses	-	-
Leave Encashed	781 366	709 000
Contribution to Leave Fund	-	-
Service Bonuses	968 932	716 128

### Employee Related Costs - Contributions for UIF, Pensions and Medical Aids

	3 123 844	2 546 856
Group Life	-	-
Medical	912 141	780 210
Pension	1 882 655	1 501 738
Gratuity	-	-
Industrial Council Levy	8 485	5 207
Skills Development Levy	162 651	151 304
UIF	157 912	108 397

Travel, Motor Car, Accommodation, Sub	878 568	413 375
Allowances	878 568	413 375
Pensioners Allowances	-	-

Housing Benefits and Allowances	32 657	19 491
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Overtime Payments	446 886	393 939
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Performance Bonuses	-	-
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Defined Benefit Plan Expense:	2 042 235	978 000
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Current Service Cost	2 042 235	978 000
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Interest Cost	-	-
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Expected Return on Plan Assets	-	-
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Net Actuarial (gains)/losses recogni	-	-
--------------------------------------	---	---

Vested Past Service Cost	-	-
--------------------------	---	---

Less: Employee Costs allocated to Prop	-	-
--	---	---

Less: Employee Costs included in Othe	-	-
---------------------------------------	---	---

<b>Total Employee Related Costs</b>	<b>23 802 579</b>	<b>19 148 104</b>
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# Annual Report

## 4.6.1 COUNCILLORS REMUNERATION AND ALLOWANCES

	2 013	2 012
Mayor	489 003	452 199
Deputy Mayor	205 737	205 131
Speaker	205 737	205 131
Chief Whip	-	-
Executive Committee Members	192 878	192 310
Councillors	1 402 748	1 398 625
Company Contributions to UIF, Medical and Pension Funds	-	-
Group Life Insurance	-	-
Medical Aid	-	-
Pension Fund	-	-
UIF	-	-
Skills Development Levy	-	-
Other Allowances (Cellular Phones, Housing, Transport, etc)	981 062	936 602
Housing Subsidy	-	-
Telephone Allowance	231 420	171 001
Travelling Allowance	749 642	765 601
<b>Total Councillors' Remuneration</b>	<b>3 477 164</b>	<b>3 389 998</b>

## CHAPTER 5 – FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

This refers to the Income and expenditure Statement which is contained in the Annual Financial Statements for the year under review.

#### 5.2 GRANTS

Statement of performance on grants received from National and Provincial Government is also contained in the Annual Financial Statements for the year under review.

#### 5.3 ASSET MANAGEMENT

The Municipality has its fixed assets policy which it uses in managing the assets.

# Annual Report

## RICHMOND LOCAL MUNICIPALITY

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

		Actual	
	Note	2013	2012
			Restated
		R	R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>			
Property Rates	24	8 548 051	6 102 267
Property Rates - Penalties imposed and collection charges	28	806 897	793 032
Fines		116 366	2 659
Licences and Permits		401 224	422 835
Income from Agency Services		458 106	517 926
Government Grants and Subsidies Received	25	57 152 459	41 631 680
<b>Revenue from Exchange Transactions</b>			
Service Charges	26	299 603	283 028
Rental of Facilities and Equipment	27	1 033 491	2 996 033
Interest Earned - External Investments	28	1 695 342	1 620 518
Interest Earned - Outstanding Debtors	28	146 399	98 028
Other Revenue	29	493 234	500 045
Other Gains on Continued Operations	38	-	126 458
<b>Total Revenue</b>		<b>71 151 172</b>	<b>55 094 507</b>
<b>EXPENDITURE</b>			
Employee Related Costs	30	23 833 944	19 148 104
Remuneration of Councillors	31	3 477 164	3 389 998
Collection Costs		27 796	16 939
Depreciation and Amortisation	32	4 306 412	3 731 716
Impairment Losses	33	3 916 976	431 420
Repairs and Maintenance		1 768 100	2 134 379
Finance Costs	34	184 456	178 248
Contracted Services	35	2 933 271	3 521 984
Grants and Subsidies Paid	36	5 186 910	2 083 698
General Expenses	37	11 032 172	10 208 222
Loss on Disposal of Property, Plant and Equipment		151 596	9 200
<b>Total Expenditure</b>		<b>56 818 797</b>	<b>44 853 908</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>14 332 375</b>	<b>10 240 599</b>

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Financial state of the municipality can be measured through the Liquidity Ratios and Efficiency Ratios. The liquidity ratio measures the organization's ability to meet its short term debts and the efficiency ratio measures how efficiently certain resources have been utilized within the organization.

### 5.4.1 Liquidity Ratios:

- **Current ratio:** The ratio will indicate the municipality's ability to use its short term assets (cash-on-hand, inventory and trade receivables) to meet its short term obligations (Eskom and Other Suppliers). An organization will be said to be in a positive financial state if this ratio is greater than 1. For Richmond Municipality this ratio is currently sitting at 1.79 (2013) and 1.93 (2012), this means that the municipality will be in a position to cover its short term obligations more than once if it were to use its short term assets. So the municipality is financially sound.
- **The acid test ratio:** this is basically the current ratio excluding stock, as stock is hardest to convert into cash in the short term. This ratio measures the immediate debt paying ability of the organization. To be in a financially positive state, this ratio must also be greater than 1. For Richmond Municipality the ratio for the year under review is 1.78 (2013) and 1.92 (2012) times. It means, when stock or inventory is eliminated from current assets, Richmond will still have no difficulty in paying its short term creditors.

### 5.4.2 Efficiency Ratios:

- **Debtors Collection Period:** The debtors' collection period ratio measures the period it takes for debtors to pay their bills. The longer the period the greater is the problem financial status of the organization. It means you must have bridge finance to pay for this like electricity in particular for municipalities that sell electricity. For Richmond the debtor's collection period was 90 days. It means it takes 3 months for debtors to pay. The debtors' payment period is normally 30 days although Richmond's debtors' collection period is high at 90 days this will be covered by the cash coverage ratio which is high at more than 3 months.
- **Debt recovery rate:** This ratio measures the percentage of bills recovered from debtors within each month. The Municipality had put its target at 75% throughout the year and the rate is sitting at 63.7% at the end of the financial year this is below compared to 49.7% in 2012. This is not a good performance compared to the target set. There are interventions from Provincial Treasury.
- **Creditors Payment Period:** The creditor's payment period measure the time it takes for a municipality to pay its creditors. A high ratio indicates liquidity problems and an

# Annual Report

organization that is in high financial distress. The payment period recommended in terms of the MFMA is 30 days. Richmond's ratio for the current financial year is 25.081 days which is good. This has improved compared to 2012 figure of 31.90 days.

- **Cash Coverage Ratio:** Measures the number of times an organization can meet all its monthly operational expenditure before it can receive the next equitable share allocation or the number of months an organization can continue to operate without receiving equitable share grants. For Richmond Municipality this ratio is 6.044 times. It means Richmond can continue to operate for a period of 6 months before its cash reserves get depleted. Therefore this Municipality is not in financial distress, this was also evidenced through the creditors' payment period shown above.

## **COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

### **5.5 CAPITAL EXPENDITURE**

This report is contained in the annual financial statements for the year under review. It also gives comparison with prior year information.

### **5.6 SOURCES OF FINANCE**

The statement of the sources of finance is contained in annual financial statements for the year under review and it also gives comparative information.

### **5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS**

The statement of the sources of finance is contained in annual financial statements for the year under review and it also gives comparative information.

### **5.8 BASIC SERVICES AND INFRASTRUCTURE BACKLOGS**

This information is given in the demographic of the municipality above just below the Mayor's foreword.

## **COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS**

### **5.9 CASHFLOW**

This report is contained in the annual financial statements for the year under review. It also gives comparison with prior year information.



## **5.10 BORROWINGS AND INVESTMENT**

This report is contained in the annual financial statements for the year under review. It also gives comparison with prior year information.

## **5.11 PUBLIC PRIVATE PARTNERSHIP**

There were no Public Private Partnerships during the year under review.

## **COMPONENT D: OTHER FINANCIAL MATTERS**

### **5.12 SUPPLY CHAIN MANAGEMENT**

An overview of supply chain management has been given in details in the preceding paragraphs.

### **5.13 GRAP COMPLIANCE**

A statement on the compliance with GRAP standards in the preparation of the annual financial statements for the year under review has been given in the accounting policy notes of the annual financial statements.

### **5.14 COMPLIANCE WITH NATIONAL TREASURY CIRCULAR ON MINIMUM COMPETENCY REQUIREMENTS FOR SENIOR MANAGERS OF MUNICIPALITIES**

The Municipality has made efforts to ensure that its Senior Management possess the minimum competency skills as required in terms of National Treasury. Of the four Senior Managers appointed by the Municipality on the Strategic Manager Community Services possess this qualification. The Municipality has applied for special merit case to extend the deadline and this is currently being considered by National Treasury. The three senior managers are currently enrolled with University of Pretoria and are due to complete in September 2014. The three Senior Managers are Municipal Manager, Chief Financial Officer and Strategic Manager Corporate Services. The position of the Strategic Manager Technical Services is currently vacant and the municipality will ensure that it appoints someone who has this qualification.

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR GENERAL OPINION ON FINANCIAL STATEMENTS 2011/2012

#### 6.1 AUDITOR GENERALS AUDIT REPORT 2011/2012

##### Introduction

1. I have audited the financial statements of the Richmond Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of

# Annual Report

accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Richmond Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

## **COMPONENT B: AUDITOR GENERAL OPINION ON FINANCIAL STATEMENTS 2012/2013**

### **6.2 AUDITOR GENERALS AUDIT REPORT 2012/2013**

#### **REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON RICHMOND MUNICIPALITY**

#### **REPORT ON THE FINANCIAL STATEMENTS**

##### **Introduction**

1. I have audited the financial statements of the Richmond Municipality set out on pages ... to ..., which comprise, the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### **Auditor-General's responsibility**

3. My responsibility is to express an opinion on the financial statements based on my

# Annual Report

audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Richmond Municipality as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Restatement of corresponding figures

8. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an error discovered during 30 June 2013 in the financial statements of the Richmond Municipality at, and for the year ended, 30 June 2012.

## Unauthorised expenditure

9. As disclosed in note 45.1 to the financial statements, unauthorised expenditure of R7,65 million was incurred as a result of expenditure exceeding approved budget for operating expenditure.

# Annual Report

## Fruitless and Wasteful expenditure

10. As disclosed in note 45.2 to the financial statements, Fruitless and Wasteful Expenditure of R95 061 was incurred as a result of penalties charged on late payments.

## Additional matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter:

## Unaudited supplementary schedules

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *Notional Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

16. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

## Additional matter

17. Although no material findings concerning the usefulness and reliability of the

# Annual Report

performance information was identified in the annual performance report. I draw attention to the following matter below.

## **Achievement of planned targets**

18. Of the total number of 103 targets planned for the year, 33 of targets were not achieved during the year under review. This represents 32% of total planned targets that were not achieved during the year under review. This is due to a lack of effective monitoring of project implementation and timely identification of under-performance against service delivery targets

## **Compliance with laws and regulations**

19. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

## **Annual financial statements**

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA. Material misstatements of Property Plant and Equipment, provisions, accumulated depreciation, accumulated surplus and finance charges identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

## **Expenditure management**

21. Reasonable steps were not taken to prevent unauthorised expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act

## **Human resource management**

27. An acting Senior manager acted in position for more than 6 months in contravention of section 56(1) (c) of the Municipal Systems Act.

## **Internal control**

28. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in, the findings on the performance report and the findings on compliance with laws and regulations included in this report.

## **Leadership**

29. The accounting officer did not exercise adequate oversight over financial and

# Annual Report

performance reporting and compliance as well as internal control. In this regard, the accounting officer did not periodically assess whether staff members had essential skills and knowledge to support the achievement credible reporting. In addition, key vacancies were not timely filled in order to mitigate deficiencies to achieve desired control objectives.

## **Financial and performance management**

30. Adequate processes were not in place to communicate timely and relevant information to oversight and regulatory parties, in that monthly reporting was not at optimal levels. This is evidenced by material corrections in the financial statements. In addition security management, user access controls, change controls and backup and continuity processes over information technology systems were inadequate as formal controls over the reliability of the systems and protection of information revealed internal control deficiencies.

## **Governance**

31. The audit committee did not adequately assess the effectiveness of controls and responses to risks, as evidenced by material corrections in the financial statements.

Pietermaritzburg

30 November 2013

RICHMOND MUNICIPALITY

ATTENDANCE AT MEETINGS OF FULLCOUNCIL 2012/2013

COUNCIL	COUNCILLOR	26-Jun 2012	31-Jul 2012	30-Aug 2012	28-Sep 2012	12-Nov 2012	14-Dec 2012	25-Jan 2013	25-Feb 2013	25-Apr 2013	28-Jun 2013
SPEAKER	S T SHABALALA	1	1	1	1	1	1	Apology	1	1	1
MAYOR	A. RAGAVALOO	1	1	1	1	Apology	1	1	1	Apology	Apology
DEPUTY MAYOR	P C NGCOBO	1	1	1	Apology	1	1	1	1	1	1
	T D KUNENE	1	1	1	1	1	1	1	1	1	1
	K E MAGUBANE	1	1	1	0	1	Apology	1	1	Apology	1
	R B SHANGE	1	1	1	Apology	1	1	1	Apology	Apology	1
	B NGCONGO	1	1	1	1	1	1	1	Apology	1	1
	J JILI	1	1	1	1	Apology	1	1	1	1	1
	M MAPHUMULO	1	1	Apology	1	Apology	1	1	1	1	1
	M D B NGUBO	1	1	1	1	1	1	1	1	1	1
	P MOONSAMY	1	Apology	1	1	1	1	1	1	1	Apology
	S A MDIALOSE	1	Apology	1	1	1	1	1	1	Apology	1
	T C MADONDA	1	0	Apology	Apology	1	1	1	1	1	1
	B M MNGADI	1	1	1	Apology	Apology	1	1	1	1	1

Present ===== 1 Absent ===== 0





**WARD INFORMATION**

According to the 2001 census, the total population of the Richmond Municipality was approximately 63222 people. This marks a proportionately marginal growth rate from 61673 people recorded in 1996, a growth of only 1549 people in a decade. However, the 2007 community survey has indicated that the population of Richmond was estimated at 56772. In 2010 the population is estimated at 61174. The population trends in Richmond are difficult to predict accurately, as show in the following table.

Richmond Municipality	Growth Trends				
	1995	2000	2005	2007	2010
Total Population	62976	63142	63087	56772	61174

Source: Quantec Easy Data 2010

Estimations of the population per Ward are presented in the following table. The largest Wards are Wards 5 and 4 with 22.9% and 20.7% respectively.

WARDS	2001		2010	
	Population	%age	Population	%age
Ward 1	3461	5.5	3364	5.5
Ward 2	5842	9.2	5628	9.2
Ward 3	8650	13.7	8380	13.7
Ward 4	13113	20.7	12663	20.7
Ward 5	14473	22.9	14008	22.9
Ward 6	10055	15.9	9726	15.9
Ward 7	7628	12.1	7402	12.1
Total Population	63222	100	61171	100

Source: Quantec Easy Data 2010

LARGEST CAPITAL PROJECT PER WARD IN 2012/2013				
Ward No.	Project Name & Detail	Start Date	End Date	Total Value
1	Construction of Harare Phase 2 Road	02 May 2013	30 August 2013	R1, 805, 010.20
2	Construction of Slahla Access Road	06 May 2013	Incomplete	R2, 184, 271.50
3	Construction of Hopewell Gravel Road	27 Nov 2012	30 April 2013	R2, 429, 028.80
5	Construction of Nhlazuka Bridge	30 June 2013	Incomplete	R9, 747, 138.85
6	Construction of Smozomeni Phase 2 Rd	14 Nov 2012	30 May 2013	R1, 813, 690.77
7	Construction of Magoda Cuba Road	27 Nov 2012	30 April 2013	R2, 790, 936.39

## DISCLOSURE OF FINANCIAL INTEREST

NAME OF OFFICIAL	POSITION AT THE MUNICIPALITY	PROPERTY	BUSINESS
Mr. E. S. Sithole	Municipal Manager	Dwelling in Cleland Pietermaritzburg	Sesh-Bob Farming CC
Mr. M. Hloba	Chief Financial Officer	Dwelling in Lincon Meade Pmburg	None
Mr. S. L. Mthembu	Strategic Manager – Corporate Services	Dwelling in Kloof Durban	None
Mr. B. Mhlongo	Strategic Manager Community Services	Dwelling in Illovo Drive Richmond	None

Financial interest disclosures are required in terms of the Municipal Systems Act, Act No. 32 of 2000 and the Code of Conduct for Municipal Staff. These are required for the purposes of ensuring that municipal employees do not enter into business transactions with the Municipality.

During the year under review no employee had a transaction with the Municipality.

**SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION.****EDUCATION FACILITIES**

There is a total of 62 schools<sup>1</sup> in the municipal area. These schools are well distributed in the municipal area and generally meet the recommended planning standard of 600 households for each primary school and 1200 households per secondary school.

The following table indicates the level of education in the adult population of the Richmond Municipality

**Education Levels**

Levels of Education	Percentage
No Schooling	22%
Some Primary Education	32%
Complete Primary Education	8%
Some Secondary Education	27%
Grade 12	7%
Higher Education	4%
Total	100%

Source: Community Survey 2007

**SOURCES OF ENERGY**

The semi-urban and rural areas are the most under serviced areas in terms of access to electricity. Households without access to electricity resort to other energy sources such as candles, paraffin, coal, etc which can prove to be dangerous if not properly monitored. The main problems with regard to electricity provision relate to inadequate bulk supply. In addition, access to areas is difficult due to the topography and insufficient funding for building adequate roads to these areas. The following table shows the types of energy sources accessed by people in the Richmond Municipality.

**Access to Energy Sources**

Energy Sources	No of Households	Percentage %
Solar/other/unspecified	68	0.50%
Electricity	9707	68.00%
Gas	45	0.30%
Paraffin	255	1.80%
Candles	4189	29.40%
Total	14265	100%

Source: Quantec Easy Data 2010

<b>Finance: MFMA</b>		
Monthly reports to mayor (sec 71)	Monthly reports	12
Quarterly report to Council		
Annual details of Bank account	Quarterly reports	4
Quarterly report of withdrawals	Annual reports	1
Mid year budget (Sec 72)	Quarterly reports	4
	Adjustment budget	1
Annual reports (Sec 121)	Annual report	1
SDBIP's (Sec 53)	Quarterly reports	4
Bank reconciliations	Monthly review	12
Investments	Monthly reconciliation & Certificates	12
Budget Related Policies	Revised policies	

## RICHMOND MUNICIPALITY - ANNUAL PERFORMANCE REPORT - 2012/2013 FINANCIAL YEAR

Outcome 2	Strategic Objective	Measurable Outcome/Output	Performance Indicators	Unit of Measurement	Baseline Information	Backlog	Annual Demand	Quarter 1 Ending 30 September 2012	Quarter 2 Ending 31 December 2012	Quarter 3 Ending 31 March 2013	Quarter 4 Ending 30 June 2013	Actual Annual Performance	Measures Taken to Improve Performance
100% SDP/ NCQ	Improved staff and Council Structures Skills in the Municipality.	Skills Audit Conducted for all staff and Vice President and submitted.	Number of MSP Documents prepared and submitted.	Number	0	None	1	30-Jun-12	30-Sep-12	30-Dec-12	30-Jun-13	1 MSP Approved and Submitted.	The target has been achieved however the quality of the documents submitted is still a challenge in that certain information is not filled in the required paper. Officials responsible for compiling the MSP require more training which will be arranged in 2013/2014 financial year.
2	Improved staff and Council Structures Skills in the Municipality.	Implementation of 2012/2013 Workplace Safety Plan.	Budget Spent on Implementation of MSP.	Budget	R 68 600	None	R 51 500	30-Jun-12	30-Sep-12	30-Dec-12	30-Jun-13	R 51 500	R 51 422
3	Improved staff and Council Structures Skills in the Municipality.	Percentage of staff trained in respect of 2012/2013 MSP.	Percentage	Actual Spent	R 47 000	N/A	R 51 500	30-Jun-12	30-Sep-12	30-Dec-12	30-Jun-13	R 51 500	R 51 422
4	Improved staff and Council Structures Skills in the Municipality.	Percentage of staff trained in respect of 2012/2013 MSP.	Percentage	Actual Spent	75%	25%	100%	30-Jun-12	30-Sep-12	30-Dec-12	30-Jun-13	100%	95%
5	Improved staff and Council Structures Skills in the Municipality.	Members of the Ward Committees trained on OHS.	Number of Members trained	Number	70	None	70	31-Dec-12	31-Mar-13	31-Jun-13	31-Dec-13	41 Ward Committee Members trained on the 21 June 2013.	Only 41 members of the Ward Committees were trained for OHS. The reason for other members who were not trained is that they were on annual leave during the period of training. It is planned to have them working in order to deal with the other training will have to be organized during weekend where all members will be available.
6	Improved staff and Council Structures Skills in the Municipality.	Staff to improve Employment Equity Act compliance with the 3 highest levels of Management.	Number of people in the 3 highest levels of Management.	Number	0	0	2	30-Jun-12	30-Sep-12	30-Dec-12	30-Jun-13	1	2
7	Improved staff and Council Structures Skills in the Municipality.	Recruitment and reduce vacancies filled within 3 months of approval by the Municipal Manager.	Percentage of vacancies filled within 3 months of approval by the Municipal Manager.	Percentage	10%	0%	100%	Within 3 months of Approval	100% Within 3 Months	100% Within 3 Months	100% Within 3 Months	100% Within 3 Months	All positions were filled within a period a targeted period of 3 months, however, one to high staff turnover the vacancy rate will not be 0% for a long period of time. The Municipal Manager will ensure that the Municipal Manager needs to deal with high turnover rate by reviewing the staff retention strategy.
8	Improved staff and Council Structures Skills in the Municipality.	Review and sign Organizational Development Plan for 2013/2014.	Number of Organizational Development Plan signed by the Municipal Manager.	Number	1	0	1	21-Mar-13	21-Jun-13	21-Sep-13	21-Dec-13	1 Organizational Development Plan Approved by Council.	Performance is within target however Municipality needs to ensure that all Departments are adequately staffed.
9	Improved staff and Council Structures Skills in the Municipality.	Implement Organizational Development System.	Percentage of staff trained in respect of 2012/2013 MSP.	Percentage	100%	0	100%	31-Jul-12	31-Oct-12	31-Jan-13	31-Apr-13	100% of Section 57 Employees signed Agreements within target date.	The Municipality adopted a Performance Management System for all staff. There is still a challenge with the Employees to sign the Agreements. The Municipal Manager will ensure that the Supervisors will be trained to 2013/2014 on how to compile performance plans so that performance plans are signed for all staff within target date.
10	Improved staff and Council Structures Skills in the Municipality.	Conduct quarterly employee performance reviews.	Percentage of staff trained in respect of 2012/2013 MSP.	Percentage	100%	0	100%	Quarterly	100% of Section 57 Employees.	100% of Section 57 Employees.	100% of Section 57 Employees.	100% of Section 57 Employees.	Performance reviews were conducted for all staff. However only section 57 employees performance reviews were conducted and completed for the entire financial year. The Municipal Manager will ensure that the Supervisors will be trained to 2013/2014 on how to compile performance plans so that performance plans are signed for all staff within target date.

## RICHMOND MUNICIPALITY - ANNUAL PERFORMANCE REPORT - 2012/2013 FINANCIAL YEAR

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# RICHMOND MUNICIPALITY - ANNUAL PERFORMANCE REPORT - 2012/2013 FINANCIAL YEAR

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# RICHMOND MUNICIPALITY - ANNUAL PERFORMANCE REPORT - 2012/2013 FINANCIAL YEAR

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## RICHMOND MUNICIPALITY - ANNUAL PERFORMANCE REPORT - 2012/2013 FINANCIAL YEAR

Sl. No.	Community Work Programme Implemented and Cooperatives Supported.	Review and adopt	Number of Tourism Strategists reviewed, adopted and implemented.	Number	0	1	30-Sep-12	LED Strategy	1	LED Strategy	2	LED Strategy	3	LED Strategy	4	LED Strategy	5	LED Strategy	6	LED Strategy	7	LED Strategy	8	LED Strategy	9	LED Strategy	10	LED Strategy	11	LED Strategy	12	LED Strategy	13	LED Strategy	14	LED Strategy	15	LED Strategy	16	LED Strategy	17	LED Strategy	18	LED Strategy	19	LED Strategy	20	LED Strategy	21	LED Strategy	22	LED Strategy	23	LED Strategy	24	LED Strategy	25	LED Strategy	26	LED Strategy	27	LED Strategy	28	LED Strategy	29	LED Strategy	30	LED Strategy	31	LED Strategy	32	LED Strategy	33	LED Strategy	34	LED Strategy	35	LED Strategy	36	LED Strategy	37	LED Strategy	38	LED Strategy	39	LED Strategy	40	LED Strategy	41	LED Strategy	42	LED Strategy	43	LED Strategy	44	LED Strategy	45	LED Strategy	46	LED Strategy	47	LED Strategy	48	LED Strategy	49	LED Strategy	50	LED Strategy	51	LED Strategy	52	LED Strategy	53	LED Strategy	54	LED Strategy	55	LED Strategy	56	LED Strategy	57	LED Strategy	58	LED Strategy	59	LED Strategy	60	LED Strategy	61	LED Strategy	62	LED Strategy	63	LED Strategy	64	LED Strategy	65	LED Strategy	66	LED Strategy	67	LED Strategy	68	LED Strategy	69	LED Strategy	70	LED Strategy	71	LED Strategy	72	LED Strategy	73	LED Strategy	74	LED Strategy	75	LED Strategy	76	LED Strategy	77	LED Strategy	78	LED Strategy	79	LED Strategy	80	LED Strategy	81	LED Strategy	82	LED Strategy	83	LED Strategy	84	LED Strategy	85	LED Strategy	86	LED Strategy	87	LED Strategy	88	LED Strategy	89	LED Strategy	90	LED Strategy	91	LED Strategy	92	LED Strategy	93	LED Strategy	94	LED Strategy	95	LED Strategy	96	LED Strategy	97	LED Strategy	98	LED Strategy	99	LED Strategy	100	LED Strategy	101	LED Strategy	102	LED Strategy	103	LED Strategy	104	LED Strategy	105	LED Strategy	106	LED Strategy	107	LED Strategy	108	LED Strategy	109	LED Strategy	110	LED Strategy	111	LED Strategy	112	LED Strategy	113	LED Strategy	114	LED Strategy	115	LED Strategy	116	LED Strategy	117	LED Strategy	118	LED Strategy	119	LED Strategy	120	LED Strategy	121	LED Strategy	122	LED Strategy	123	LED Strategy	124	LED Strategy	125	LED Strategy	126	LED Strategy	127	LED Strategy	128	LED Strategy	129	LED Strategy	130	LED Strategy	131	LED Strategy	132	LED Strategy	133	LED Strategy	134	LED Strategy	135	LED Strategy	136	LED Strategy	137	LED Strategy	138	LED Strategy	139	LED Strategy	140	LED Strategy	141	LED Strategy	142	LED Strategy	143	LED Strategy	144	LED Strategy	145	LED Strategy	146	LED Strategy	147	LED Strategy	148	LED Strategy	149	LED Strategy	150	LED Strategy	151	LED Strategy	152	LED Strategy	153	LED Strategy	154	LED Strategy	155	LED Strategy	156	LED Strategy	157	LED Strategy	158	LED Strategy	159	LED Strategy	160	LED Strategy	161	LED Strategy	162	LED Strategy	163	LED Strategy	164	LED Strategy	165	LED Strategy	166	LED Strategy	167	LED Strategy	168	LED Strategy	169	LED Strategy	170	LED Strategy	171	LED Strategy	172	LED Strategy	173	LED Strategy	174	LED Strategy	175	LED Strategy	176	LED Strategy	177	LED Strategy	178	LED Strategy	179	LED Strategy	180	LED Strategy	181	LED Strategy	182	LED Strategy	183	LED Strategy	184	LED Strategy	185	LED Strategy	186	LED Strategy	187	LED Strategy	188	LED Strategy	189	LED Strategy	190	LED Strategy	191	LED Strategy	192	LED Strategy	193	LED Strategy	194	LED Strategy	195	LED Strategy	196	LED Strategy	197	LED Strategy	198	LED Strategy	199	LED Strategy	200	LED Strategy	201	LED Strategy	202	LED Strategy	203	LED Strategy	204	LED Strategy	205	LED Strategy	206	LED Strategy	207	LED Strategy	208	LED Strategy	209	LED Strategy	210	LED Strategy	211	LED Strategy	212	LED Strategy	213	LED Strategy	214	LED Strategy	215	LED Strategy	216	LED Strategy	217	LED Strategy	218	LED Strategy	219	LED Strategy	220	LED Strategy	221	LED Strategy	222	LED Strategy	223	LED Strategy	224	LED Strategy	225	LED Strategy	226	LED Strategy	227	LED Strategy	228	LED Strategy	229	LED Strategy	230	LED Strategy	231	LED Strategy	232	LED Strategy	233	LED Strategy	234	LED Strategy	235	LED Strategy	236	LED Strategy	237	LED Strategy	238	LED Strategy	239	LED Strategy	240	LED Strategy	241	LED Strategy	242	LED Strategy	243	LED Strategy	244	LED Strategy	245	LED Strategy	246	LED Strategy	247	LED Strategy	248	LED Strategy	249	LED Strategy	250	LED Strategy	251	LED Strategy	252	LED Strategy	253	LED Strategy	254	LED Strategy	255	LED Strategy	256	LED Strategy	257	LED Strategy	258	LED Strategy	259	LED Strategy	260	LED Strategy	261	LED Strategy	262	LED Strategy	263	LED Strategy	264	LED Strategy	265	LED Strategy	266	LED Strategy	267	LED Strategy	268	LED Strategy	269	LED Strategy	270	LED Strategy	271	LED Strategy	272	LED Strategy	273	LED Strategy	274	LED Strategy	
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## RICHMONO MUNICIPALITY - ANNUAL PERFORMANCE REPORT - 2012/2013 FINANCIAL YEAR

[illegible]

# RICHMOND MUNICIPALITY - ANNUAL PERFORMANCE REPORT - 2012/2013 FINANCIAL YEAR

63	Improved financial viability of SCM policy.	Proportion of implementation of SCM policy.	Percentage of expenditure of Capital Budget.	Percentage	90%	0	100%	30 Jun 13	25%	25%	50%	75%	100%	90%	90%	Performance target not fully achieved. The position for 2013/2014.
64			Percentage of Operating Budget Spent	Percentage	90%	0	100%	30 Jun 13	25%	25%	50%	75%	100%	94%	94%	Performance target not fully achieved. No further improvements required. The performance must be sustained.
65			Percentage of MFG Grants Spent	Percentage	60%	0	100%	30 Jun 13	25%	25%	50%	75%	100%	100%	100%	Performance target fully achieved. No further improvements required. The performance must be sustained.
66			Percentage of MFG Grants Spent	Percentage	60%	100%	100%	30 Jun 13	25%	25%	50%	75%	100%	100%	100%	Performance target fully achieved. No further improvements required. The performance must be sustained.
67			Percentage of MFG Grants Spent	Percentage	60%	100%	100%	30 Jun 13	25%	25%	50%	75%	100%	100%	100%	Performance target fully achieved. No further improvements required. The performance must be sustained.
68	Improved financial viability of the Municipality.	Improved Cash Recovery Ratio for 2013/2014	Percentage of Debt Repayment Ratio	Percentage	55%	45%	70%	30 Jun 13	60%	60%	70%	80%	90%	90%	90%	Performance target fully achieved. No further improvements required. The performance must be sustained.
69		Maintain liquidity ratio of funds greater than 1.	Current Ratio	Ratio	1.2	0.9	1.0	30 Jun 13	1.0	1.0	1.0	1.0	1.0	1.0	1.0	Performance target fully achieved. No further improvements required. The performance must be sustained.
70		Minimum cash coverage ratio greater than 1.	Cash coverage Ratio	Ratio	2	0.9	1.0	30 Jun 13	1.0	1.0	1.0	1.0	1.0	1.0	1.0	Performance target fully achieved. No further improvements required. The performance must be sustained.
71	Improved financial planning	Preparation and adoption of the Draft Budget for 2013/2014	Number of Documents produced and adopted for 2013/2014.	Number	3	0	100%	31 March 2013 to 31 May 2013	100%	100%	100%	100%	100%	100%	100%	Performance target fully achieved. No further improvements required. The performance must be sustained.
72		Preparation and adoption of the Draft Budget for 2013/2014	Number of Documents produced and adopted for 2013/2014.	Number	3	0	100%	31 March 2013 to 31 May 2013	100%	100%	100%	100%	100%	100%	100%	Performance target fully achieved. No further improvements required. The performance must be sustained.
73	Improved financial reporting in terms of MFGA	Submission of all financial reports required in terms of MFGA	Percentage of reports submitted	Percentage	100%	0	100%	Monthly Quarterly January 2013 to December 2013	100%	100%	100%	100%	100%	100%	100%	Performance target fully achieved. No further improvements required. The performance must be sustained.
74		Submission of all financial reports required in terms of MFGA	Percentage of reports submitted	Percentage	100%	0	100%	Monthly Quarterly January 2013 to December 2013	100%	100%	100%	100%	100%	100%	100%	Performance target fully achieved. No further improvements required. The performance must be sustained.
75		Submission of all financial reports required in terms of MFGA	Percentage of reports submitted	Percentage	100%	0	100%	Monthly Quarterly January 2013 to December 2013	100%	100%	100%	100%	100%	100%	100%	Performance target fully achieved. No further improvements required. The performance must be sustained.

# RICHMOND MUNICIPALITY - ANNUAL PERFORMANCE REPORT - 2012/2013 FINANCIAL YEAR

76	Deepen Democracy Through a Refined Ward Committee System (20%)										Good Governance, Community Participation and Ward Committee Systems									
	Improved Customer Services	Reduce complaints in respect of Municipal services	Percentage Reduction in complaints	Percentage	0%	100%	12%	30-Jun-13	3%	0%	3%	0%	3%	100%	3%	0%	3%	100%	3%	0%
		Records and attend to complaints and requests timely.	Percentage of complaints and requests recorded and attended to.	Percentage	0%	100%	100%	Quarterly	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
77																				
78	Improved Community Participation in the Affairs of the Municipality	Review and Adopt Communication Strategy document	Number of Communication Strategy documents reviewed and adopted.	Number	0	1	1	31-Mar-12	1	1	1	1	1	1	1	1	1	1	1	1
		Allocate Councillor Contribution rooms in all Ward of the Municipality.	Number of Officer Contribution rooms allocated.	Number	1	0	0	31-Jan-13	0	0	0	0	0	0	0	0	0	0	0	0
79																				
80	Detection and Prevention of Fraud and Corruption	Adopt and implement anti-corruption and fraud strategy.	Number of documents adopted and implemented.	Number	0	1	1	30-Sep-12	1	1	1	1	1	1	1	1	1	1	1	1
		Present Public Accounts Committee Reports at Council Meetings.	Number of Reports presented at Council Meetings.	Number	2	2	2	Quarterly	2	2	2	2	2	2	2	2	2	2	2	2
81																				
82		Develop a calendar for MPAC meetings.	Number of calendars adopted by the Committee.	Number	1	0	0	31-Jul-12	0	0	0	0	0	0	0	0	0	0	0	0
		Implement recommendations for MPAC.	Percentage of recommendations implemented.	Percentage	0	0	0	Quarterly	0	0	0	0	0	0	0	0	0	0	0	0
83																				

# RICHMOND MUNICIPALITY - ANNUAL PERFORMANCE REPORT - 2012/2013 FINANCIAL YEAR

Deepen Democracy Through a Refined Ward Committee System									
Good Governance, Community Participation and Ward Committee Systems									
84	Improved Monitoring of Municipal Officers	Develop and issue memoranda to the community	Number of newsletters developed and issued	Number	Quarterly	1	2	3	4
85		Update Municipal website on a regular basis preferably quarterly	Number of time the website is approved	Number	Quarterly	1	2	3	4
86	Compliance with All legislation policies and by- laws	Develop a Municipal Calendar/Memo for Compliance with relevant laws	Number of documents developed	Number	30-Dec-12	1	2	3	4
87		Develop and Implement Risk Management Policy	Number of risk policies developed and adopted for implementation	Number	30-Dec-12	1	2	3	4
88		Develop and adopt Risk Management Policy	Number of risk policies developed and adopted for implementation	Number	31-Jul-12	1	2	3	4
89		Develop and adopt Employee Assistance policy	Number of policy documents developed and adopted for implementation	Number	31-Jul-12	1	2	3	4
90	Improved implementation of the new regional Framework	Take part in ICR Structures	Number of Plans/Programmes attended made input to	Number	Quarterly	1	2	3	4
91	Improved Strategic Planning	Development of and adoption of Municipal IDP for 2013/2014	Number of documents produced and adopted	Number	31 March 2013 to 31 May 2013	1	2	3	4
92		Review and adopt LUMS and SOT	Number of documents reviewed and adopted	Number	31-Jul-12	1	2	3	4
Performance Target Fully Achieved. In order to improve service, each and every Department must have a article on the performance of its duties so that the communities will be aware of things taking place in a Municipality. This is the first time the Municipality target to have a newsletter developed and issue monthly newsletter so that residents have a platform about the Municipality.									
Target has been fully achieved. However, full compliance is only achieved since the IDP of 2013/2014 has been developed and adopted. The IDP will be updated on the website. The IDP will also develop a calendar that will serve as a reminder on a regular basis on items that need to be updated regularly.									
Target has been fully achieved. A compliance calendar to implement the IDP has been developed from the Municipal Treasury.									
Performance target fully achieved. In order to improve performance in the implementation of the policy, strategic managers who are heads of Department must be aware of the implementation of the policy and ensure that the implementation of the policy and the implementation of the policy is taken into account. The implementation of the policy must also be taken into account.									
Performance target has been fully achieved. However, the implementation of the policy is only achieved since the IDP of 2013/2014 has been developed and adopted. The IDP will be updated on the website. The IDP will also develop a calendar that will serve as a reminder on a regular basis on items that need to be updated regularly.									
Performance target fully achieved. To improve the service of the Municipality, the Municipality needs to appoint a full-time employee assistance official who will deal with staff issues on a regular basis. Without a dedicated person, employees requesting assistance are still reluctant to discuss their problems and their requests for assistance and as a result the policy is not effective.									
Performance target fully achieved. Municipality has participated in all intergovernmental District Forums. The recommendations and best practices have been shared with member Municipalities and some have been implemented with the financial means of the Municipality.									
Performance fully achieved. However, on evaluating the quality of the IDP by OGT there are items which OGT requested that the Municipality improve on in order to have high quality IDP. These recommendations will be implemented in preparing the IDP for 2014/2015.									
Performance target fully achieved. No further measures required to improve performance.									

# Richmond Local Municipality

Type of Opinion: Unqualified with other matters

Type of Opinion Previous Year: Unqualified with other matters

Adequacy of Audit Response:

Audit Query	Response from Municipality Action to resolve query	Person Responsible	Target Date	Progress
Restatement of corresponding figures	Noted.	CFO	30/08/2013	Completed
Unauthorised expenditure	All unauthorised expenditure has been condoned by council in October 2013.	CFO	10/2013	Completed
Fruitless and Wasteful expenditure	Noted. AFS has been disclosed accordingly.	CFO	08/11/2013	Completed
Achievement of planned targets	Noted	Municipal Manager	Ongoing	ongoing
Human resource management	Application was made to the MEC asking for approval. Attached hereto copy of letter.	Municipal Manager	Ongoing	Ongoing



## Management Letter

Audit Query	Response from Management Action to resolve query	Person Responsible	Target Date	Progress
1. Senior manager acted in positions for more than six	Application was made to the MEC asking for approval. Attached hereto copy of letter.	Municipal Manager	Ongoing	Ongoing
2. IT Approved process on user access management	There is currently a system in place. Before any official is allowed access onto any computer or network formal approval has to be obtained from the Sectional Head. The municipality is currently working on a policy to document the procedure.	SM: Corporate Services	Ongoing	Ongoing
3. IT Independent reviews on activities of personnel that grants user access	User access to the financial system is granted by the Financial Accountant and reviewed by the Manager Finance. User access is restricted to the modules that officials operate. This is reviewed on all audit reports emanating from the financial system. All access is in line with the user access form signed completed by the respective supervisors.	SM: Corporate Services	Ongoing	Ongoing

Audit Query	Response from Management Action to resolve query	Person Responsible	Target Date	Progress
	The IT Officer is currently monitored by the Manager: Corporate Services who in turn reports to the Strategic Manager Corporate Services.			
IT Backups are not secured offsite	Noted. The municipality is in the process implementing a comprehensive Disaster Recovery Centre including back-up systems	SM: Corporate Services	Ongoing	Ongoing
IT No approved process in place to manage upgrades to the IT systems	All upgrades to the financial (ABAKUS) and payroll (VIP) systems are undertaken by the respective service providers as per the service level agreements. These updates are in lieu of legislation changes etc.  On the normal network the system is programmed to undertake updates on a daily basis as supplied by the manufacturer (Office updates / Antivirus)	SM: Corporate Services	Ongoing	Ongoing

Audit Query	Response from Management Action to resolve query	Person Responsible	Target Date	Progress
. IT No formal request documentation for update/upgrade of system				
. IT Vendors have unmonitored access to the production environment	Upgrades are not requested by individual officials as they are systematically performed. ABAKUS and VIP upgrades are in line with changes in the environment and legislation All vendors entering the production environment have to enter with the IT Officer or the Finance Manager. We currently have a "Temporary access to the municipal System" form that is completed before they are granted access to work within the production environment.	SM: Corporate Services	Ongoing	Ongoing
. Housing Development Fund Appointing consultants 0. Assessment on appointing of consultant 1. Transfer of skills from consultants to employees	Noted Noted Noted Noted. However when appointing consultants the availability of budgets are always considered. Further the municipality has commenced the issue of skills transfer as we are requesting	CFO Municipal Manager and All SM's Municipal Manager and All SM's Municipal Manager and All SM's	31 December 2013 Ongoing Ongoing Ongoing	In progress Ongoing Ongoing Ongoing

Audit Query	Response from Management Action to resolve query	Person Responsible	Target Date	Progress
	close out reports (see attached report from PWC).			
2. Information on compliance with prescribed minimum competencies not reflected on the draft annual report	Noted. The Draft annual report has been updated to include the required information.	Municipal Manager	Ongoing	Ongoing
3. Draft annual report does not include an assessment of any arrears on municipal taxes and service charges	Noted. The Draft annual report has been updated to include the required information.	Municipal Manager	25/01/2014	In progress
4. Infrastructure policy not in place	The municipality has recently completed the compilation of an Infrastructure plan. (This was handed to the staff of the AG)	SM: Technical Services/ MM	Ongoing	Ongoing
5. Non Achievement of targets for road maintenance, construction of new road and upgrades of roads	Noted	SM: Technical Services/ MM	Ongoing	Ongoing
6. Roads maintenance plan	Noted	SM: Technical Services/ MM	Ongoing	Ongoing
7. Roads asset management system	Noted	SM: Technical Services/ MM	Ongoing	Ongoing
8. Under spending on MIG for roads infrastructure	Noted	SM: Technical Services/ MM	Ongoing	Ongoing

Audit Query	Response from Management Action to resolve query	Person Responsible	Target Date	Progress
9. Written or verbal quotations	Based on the audit performed on the following vouchers, it was noted that there was no evidence that the municipality could not obtain 3 quotations as required by the SCM regulation. (i.e. there was no evidence as to whether the follow ups were done, as per discussion with the CFO he mentioned that the follow ups are done telephonically.) Hence these payments have since been included in the deviations listing as disclosed in the AFS and this matter will be reported as a material correction in the AFS in accordance with the requirements of section 122(1) of the MFMA.	CFO	Ongoing	Ongoing
0. Formal written price quotations	Based on the audit performed on the following vouchers, it was noted that there was no evidence that the municipality could not obtain 3 quotations as required by the SCM regulation. (i.e. there was no evidence as to whether the follow ups were done, as per discussion with the CFO he mentioned that the follow ups are done telephonically.) Hence these payments have since been included in the deviations listing as disclosed in the AFS and this matter will be reported as a material correction in the AFS in	CFO	Ongoing	Ongoing

Audit Query	Response from Management Action to resolve query	Person Responsible	Target Date	Progress
1. Formal written price quotations	<p>accordance with the requirements of section 122(1) of the MFMA.</p> <p>Based on the audit performed on the following vouchers, it was noted that there was no evidence that the municipality could not obtain 3 quotations as required by the SCM regulation. (i.e. there was no evidence as to whether the follow ups were done, as per discussion with the CFO he mentioned that the follow ups are done telephonically.) Hence these payments have since been included in the deviations listing as disclosed in the AFS and this matter will be reported as a material correction in the AFS in accordance with the requirements of section 122(1) of the MFMA.</p>	CFO	Ongoing	Ongoing
2. Fruitless and wasteful expenditures	Noted. AFS has been disclosed accordingly.	CFO	08/11/2013	Completed
3. Adoption of the IDP MSA 25	Noted	Manager: Development and Planning	To correct 2013/2104 review	April/may 2014
4. Adoption of the IDP MSA 25	Noted	Manager: Development and Planning	To correct 2013/2104 review	April/may 2014
5. Publishing of approved SDBIP	Noted	Municipal Manager	May/June 2014	To correct with 2014/2015 SDBIP

Audit Query	Response from Management Action to resolve query	Person Responsible	Target Date	Progress
6. Incorrect calculation of leave provision	Noted. The amended AFS will be amended accordingly.	CFO	08/11/2013	Completed
7. Incorrect accounting treatment of landfill provision.	Noted. The amended AFS will be amended accordingly.	CFO	08/11/2013	Completed
8. Interest to the amount of R25895.17 should be raised to accrued income and not to the bank account.	Noted. The amended AFS will be amended accordingly.	CFO	08/11/2013	Completed